

FORTIS

Solid partners, flexible solutions

Annual review
1999

Milestones

Throughout the years, we have taken small steps and giant leaps to reach numerous milestones close to home and around the world.

We will continue to respond to our customers' needs by providing flexible and creative solutions based on our solid foundations, joint expertise and successful experiences.

Now and in the future.



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Together, the Annual review 1999 and the Supplement 1999 constitute the annual report of Fortis.

The Supplement contains the financial statements of Fortis, the company accounts of Fortis (B) in summary form, and the company accounts of Fortis (NL). The annual report is available in Dutch, French and English. In the event of textual inconsistencies between the English, French and Dutch versions, the latter shall prevail. The annual report is also available on the Internet: www.fortis.com.

Op uw verzoek zenden wij u graag het Jaaroverzicht 1999 in het Nederlands.

Het Supplement 1999, dat samen met het Jaaroverzicht het jaarverslag van Fortis vormt, is eveneens op aanvraag verkrijgbaar. Het Supplement bevat de jaarrekening van Fortis, de vennootschappelijke jaarrekening van Fortis (B), in verkorte versie, en de vennootschappelijke jaarrekening van Fortis (NL). In geval van tegenstellingen tussen de Engelse, Franse en Nederlandse versie prevaleert de laatste. Het jaarverslag is ook te vinden op internet: www.fortis.com.

Sur simple demande, nous vous enverrons volontiers le Synopsis de l'année 1999 en français. Vous pouvez également obtenir le Supplément 1999 qui, joint au Synopsis de l'année, constitue le rapport annuel de Fortis. Le Supplément comprend les comptes annuels de Fortis, les comptes sociaux abrégés de Fortis (B) et les comptes sociaux de Fortis (NL). En cas de contradictions textuelles entre les versions française, anglaise et néerlandaise, la dernière prévaut. Vous pouvez également consulter le rapport annuel sur Internet: www.fortis.com.

Key figures

Fortis (in EUR million)	1999	Difference in %	1998	Difference in %	1997 pro forma ⁽¹⁾
Profit and loss account					
<i>Group</i>					
Result before taxation	3,392	30	2,607	18	2,217
Net profit	2,316	40	1,660 ⁽²⁾	30	1,280
Return on equity in %	18.7		16.4		12.5
Payout ratio in %	40		41		
<i>Insurance</i>					
Result before taxation	1,624	80	904	14	794
Net profit	1,289	78	724	23	590
<i>Banking</i>					
Result before taxation	1,942	2	1,906	21	1,569
Net profit	1,185	8	1,102	35	816
Balance sheet					
<i>Group</i>					
Net equity	13,508	20	11,265	25	8,987
Total assets	406,109	19	340,262	13	300,524
Assets under management	278,207	15	242,055	15	210,697
Other					
<i>Earnings per share (in EUR)</i>					
Fortis	2.02	32	1.53 ⁽²⁾	29	1.19
After full conversion ⁽³⁾	1.98	31	1.51		
<i>Market capitalization of Fortis (in EUR billion)</i>					
	42.2		37.6		15.4
<i>Employees</i>					
	61,109	3	59,481	2	58,032

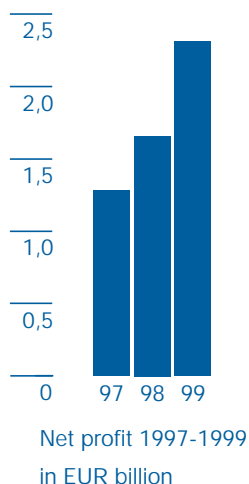
Guideline rates at 31 December 1999:

1 EUR = BEF 40.34 = NLG 2.20 = USD 1.00 = GBP 0.62

Due to changes in the presentation and in the principles of valuation, the key figures in this annual report are restated for 1997 (pro forma) and 1998.

The Statistical Review contains an overview of Fortis' figures from 1990.

Net profit Fortis 1997-1999



⁽¹⁾ Including Fortis (B), Fortis (NL) and Generale Bank

⁽²⁾ Excluding extraordinary result

⁽³⁾ After exercise of all warrants and option rights and after full conversion of the convertible bond

Most significant developments in 1999

Results

- Fortis net profit up 40% to EUR 2,316 million
- Return on equity: 18.7%
- Organic profit growth: 28%
- Net profit insurance activities up 78% to EUR 1,289 million
- Net profit banking activities up 8% to EUR 1,185 million
- Assets under management rise 15% to EUR 278 billion

Strategic developments

- Position of Fortis Insurance strengthened by acquisitions of American Bankers Insurance (ABI) in the United States and Northern Star in the United Kingdom
- Investments made in information and communication technology to enhance business processes and to support intermediaries
- Development of additional distribution channels and of Internet-based products in response to customers' needs
- Successful capital market borrowing
- First step taken towards international accounting principles

Organization

- Successful integration of insurance activities of American Security Group and ABI as Assurant and of Bishopsgate and Northern Star as Fortis Insurance
- Merger of Generale Bank, ASLK-CGER, VSB Bank and MeesPierson, forming Fortis Bank; structuring of the bank into cross-border business lines
- Integration of Fortis Bank on schedule

Shareholders' information

Fortis (B)
Stock exchange listings
Brussels, London and Luxembourg

Major shareholders
at 31 December 1999

Société Générale de Belgique	20.96%	"la Caixa"	1.53%
Fortales	5.06%	Mutuelle Solvay	1.46%
Asahi	2.37%	Selstra	0.64%
Swiss Reinsurance Company	2.03%	Immoran	0.43%

Key figures per share (in EUR) ⁽¹⁾

	1999	Difference in %	1998	Difference in %	1997 pro forma
Net earnings ⁽²⁾	2.02	32	1.53	29	1.19
After full conversion ⁽³⁾	1.98	31	1.51		
Dividend	0.76	25	0.61	45	0.42
Net equity	11.46	14	10.09	22	8.29
After full conversion ⁽³⁾	11.41	14	10.05		
Number of shares outstanding x 1,000					
– At year-end	718,049		716,164		715,763
– Year average	716,957		715,817		709,700

Market capitalization Fortis (B)

(in EUR billion)

25.7

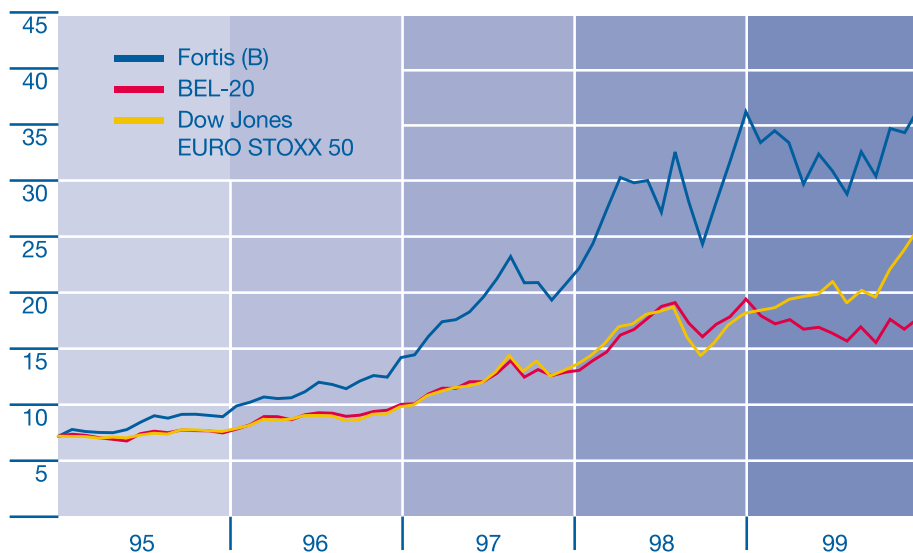
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Stock exchange data Brussels (in EUR) ⁽¹⁾

Highest quotation	38.25	34.64	22.89
Lowest quotation	27.50	19.39	13.72
Year-end quoted market price	35.82	34.22	21.29
Volume of sales (in EUR million)	8,870	7,227	1,635
Volume of sales/total volume of Belgian shares traded in %	17.4	14.2	6.2
Price/earnings ratio	17.7	22.4	17.7
Price/equity ratio	3.1	3.4	2.2

Share price performance Fortis (B), Brussels (in EUR)

Compared to BEL-20 index and Dow Jones EURO STOXX 50



⁽¹⁾ Previous years adjusted for changes in equity and after share split of 4 January 1999

⁽²⁾ Based upon average number of shares

⁽³⁾ After exercise of all warrants and after full conversion of the convertible loan

Shareholders' information

Fortis (NL)

Stock exchange listings

Amsterdam, London, Luxembourg, sponsored ADR programme in the United States

Registered shareholders

at 31 January 2000

Stichting VSB Fonds Utrecht	15.88%	Stichting VSB Fonds Barneveld e.o.	0.14%
Stichting VSB Fonds Den Haag e.o.	4.24%	Stichting VSB Fonds Woerden	0.12%
Münchener Rückversicherungs-Gesellschaft	2.91%	Stichting VSB Fonds Bolsward/Dronrijp	0.12%
Stichting VSB Fonds Schiedam Vlaardingen	1.40%	Stichting VSB Fonds Westland	0.01%

Key figures per share (in EUR) ⁽¹⁾

	1999	Difference in %	1998	Difference in %	1997 pro forma
Net earnings ⁽²⁾	2.02	32	1.53	29	1.19
After full conversion ⁽³⁾	1.98	31	1.51		
Total dividend	0.76	25	0.61	20	0.51
or: in shares	⁽⁵⁾		1/51		
Net equity	11.46	14	10.09	22	8.29
After full conversion ⁽³⁾	11.41	14	10.05		
Number of shares outstanding x 1,000					
– At year-end	460,208		400,146		368,369
– Year average	430,242		369,657		366,905

Market capitalization Fortis (NL)

(in EUR billion)

16.5

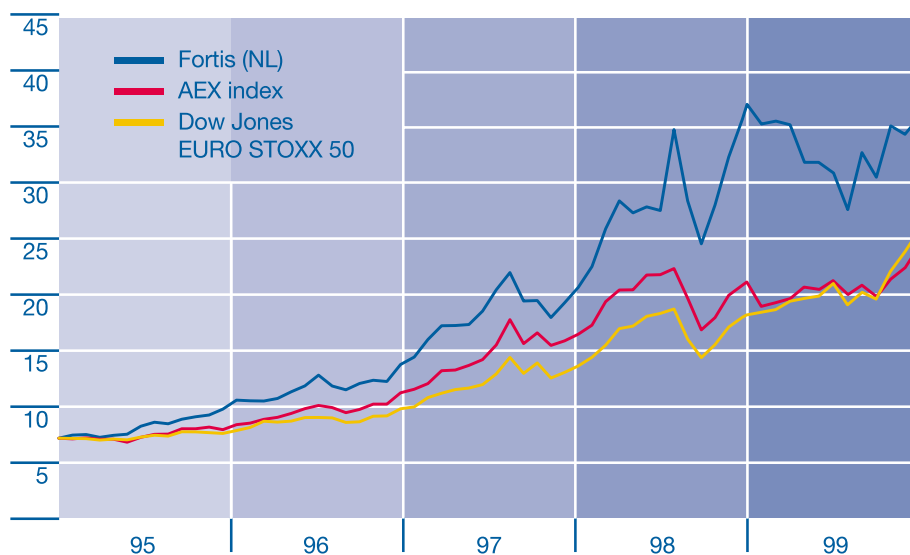
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Stock exchange data Amsterdam (in EUR) ⁽¹⁾

Highest quotation	39.20	35.67	22.87
Lowest quotation	26.80	18.60	13.34
Year-end quoted market price	35.75	35.30	20.06
Volume of sales (in EUR million) ⁽⁴⁾	11,988	8,804	3,551
Volume of sales/total volume of Dutch shares traded in %	2.7	2.4	1.4
Price/earnings ratio	17.7	24.2	16.0
Price/equity ratio	3.1	3.8	1.9

Share price performance Fortis (NL), Amsterdam (in EUR)

Compared to AEX index and Dow Jones EURO STOXX 50



⁽¹⁾ Previous years adjusted for changes in equity and after share split of 11 January 1999

⁽²⁾ Based upon average number of share

⁽³⁾ After exercise of all option rights and after full conversion of the convertible bond

⁽⁴⁾ Excluding double counts at purchase and sale at AEX

⁽⁵⁾ At a ratio to be announced on 13 June 2000



Maurice Lippens

Nearly ten years ago, Fortis was born of the first cross-border merger of financial service providers. This bold, innovative move brought us to where we are today: a strong group in Europe with a distinct identity. In the coming years, we will face the task of finding the answer to tomorrow's challenges. We will need to invest in new technologies and welcome creative, alternative thinking. That way we will be able to continue offering our customers modern solutions to their needs.



Hans Bartelds

Message to the shareholders

A year of building

Fortis can look back on a year of excellent results on all fronts:

- Profits continued to grow in 1999, driven by organic growth of 28%. This brought earnings per share up 32%.
- Fortis has rapidly and successfully combined five banks into a single cross-border enterprise. On 21 March 2000, Fortis Bank adopted a new and clear face for its customers. The Fortis Bank brand name will gradually replace those of Generale Bank, ASLK-CGER and VSB Bank in the high street. The MeesPierson name will be retained for Fortis' private banking operations.
- The position of Fortis Insurance has been strengthened by the takeover of American Bankers Insurance in the United States and Northern Star in the United Kingdom. These acquisitions reflect Fortis' strategy of building a leadership position in selected niche markets. The decision to sell Fortis Long Term Care and John Alden's reinsurance portfolio in the United States was similarly motivated.
- Fortis Bank continued to develop its core activities through targeted acquisitions in France, Spain and Poland, and a bid in early 2000 for the shares of Bank Générale du Luxembourg still owned by third parties. The sale of activities that no longer dovetail with Fortis' core business, such as the Antwerpse Diamantbank, was part of the same strategy.

We made good use of 1999: our people worked hard in many ways and many places to strengthen and integrate the group. New additions found their place in the organization and the space they need to grow. Fortis is now a leading player in insurance, banking and investment, and definitely stands out from its rivals in the bancassurance business. Turning to the financial environment in which we operate, it is plain that the trend towards concentration is continuing. What's more, companies are increasingly looking abroad. The rapid growth of the Internet is bringing new challenges and opportunities all the time. We are keenly aware that we are active in a world in which markets are constantly being created and expanded, and we are determined to continue playing an important part in these global developments. We intend, therefore, to use our Benelux base, in which we enjoy a leading position, to expand our operations in Europe and the rest of the world. To achieve this goal, we have to attain the necessary critical mass in the markets in which we operate. Although organic growth will remain our fundamental building block, we will also strengthen our group structurally by pursuing growth through acquisitions.

We will do all this for our customers, for whom international frontiers are becoming less and less important, and for our people, to whom it will offer greater opportunities for personal development. And, of course, certainly for our shareholders, who have placed their trust in a company for which sustainable growth is the primary objective.

The various activities

found their place in the

organization and the

space they need to grow

Multi-channel approach

We owe a great deal of our strength to our multi-channel approach. Efficient distribution channels are crucial, whether they are tried and tested ones or newer channels like the Internet. To benefit our customers, therefore, we will strengthen our distribution activities as effectively as we can in the years to come. This will involve not only continuing investment in our relationships with professional intermediaries but also significant investments in Internet technology. We are using e-commerce to support intermediaries, to facilitate processes within the bank, and as a separate distribution channel for our products and services. Against this background, we will further develop Internet-based products and concepts. In addition to effective distribution, success will depend on Fortis' people, on innovative and well-timed products and on a healthy solvency ratio. Fortis will continue to invest in all these things. Fortis began almost ten years ago as a collaborative venture between two companies – AMEV/VSB Bank and Group AG. It was the tangible expression of a single vision and a single concept. The vision was good and the concept strong, and the companies were able to form a tightly-knit group that has expanded steadily over the years. Each new business that has joined Fortis has provided the group with new impulses and has helped build an even stronger base from which to face future challenges. Fortis has grown from a workforce of 17,000 to one of 61,000, and from a market capitalization of EUR 2.6 billion to a figure of EUR 42 billion. Yet sheer scale is not the only thing that matters – position and image are crucially important too. Fortis has become a familiar concept. In the space of ten years, it has developed into a wide-ranging financial services supplier with a leading position in its domestic market, the Benelux countries. It was the first operator to enter the bancassurance field in Benelux, and it remains the market leader in this field in both Benelux and Spain.

The vision was good
and the concept strong,
and the companies
were able to form a
tightly-knit group

Changes in management structure

The structure of the group, its healthy financial position and the widely accepted Fortis culture have enabled Fortis to change its management structure in order to effectively respond to the challenges presented by the rapidly-changing environment. For that reason, one chief executive officer, together with the Executive Committee, will be responsible for the operational management of Fortis. After the new chief executive officer has taken up his position, we as non-executive chairmen will continue to lead the group.

A people organization

The vision has not changed and the concept has proved its validity. If we continue to make effective use of the immense potential offered by Fortis in its current form and to provide all the methods and techniques demanded in this ever-advancing market, we can count on continuing and accelerating growth. Technology will play a steadily more important part in this process, in terms of both communication with our customers and the enhancement of internal processes. First and foremost, however, Fortis is a people organization. People are the decisive factor. They are both the heart of the company and its link with its customers. We are grateful, therefore, to those Fortis employees who have worked so hard over the past year, often under difficult and uncertain conditions, to make our enterprise a success. Thanks are also due to our customers for the confidence they have shown in us, and to our shareholders, who can be sure that we will continue to do everything in our power to realize our growth and profitability objectives in this new century.



Hans Bartelds, Chairman



Maurice Lippens, Chairman



*Jan Klein,
chauffeur for directors,
Fortis*

“One of the most significant events in my thirty-two year career at Fortis was the cross-border merger between AMEV/VSB Bank and Group AG in 1990. Since that time, my job as chauffeur for the company directors has put me on the road between Utrecht and Brussels on a regular basis. One thing has become very clear to me in the past few years: the strength of Fortis lies in the way we treat each other, help each other, and work together. If we go on listening to and learning from each other, Fortis will continue to be the fine, big, strong company that it is today.”

Ten years of Fortis



Fortis constantly seeks in its commercial operations to balance the interests of its customers, shareholders and employees. The group seeks to create the greatest possible shareholder value. In so doing, it carefully adheres to Dutch, Belgian and other rules regarding corporate governance.

Corporate Governance

Fortis has taken a number of measures to increase the company's transparency. Its management structure was simplified with effect from 1 January 1999 to allow more efficient decision-making, and the Fortis (B) and Fortis (NL) shares are now economically equal.

The Fortis Board

A one-tier Board of Directors, made up of six executive and twelve non-executive members manages Fortis. The executive members together constitute the Executive Committee.

The Executive Committee is responsible for implementing group strategy and for day-to-day management. The Executive Committee also formulates proposals for the further development of Fortis and encourages the cross-border exchange of best practices.

The Board of Directors is responsible for general group strategy and for monitoring and checking the group's financial status. The Board meets at least seven times a year, according to a fixed timetable, and on as many other occasions as the group's interests require. The Board of Directors' working methods, meetings and decision-making process are specified in a set of rules. Three committees are active within the Board: the Chairmen's Committee, the Compensation and Nominating Committee and the Audit Committee. The rules also govern the composition and responsibilities of the three committees.

- The Chairmen's Committee is responsible for preparing meetings of the Board of Directors.
- The Compensation and Nominating Committee advises the Board on matters concerning remuneration and appointment policy for Board members.
- The Audit Committee supports the Board of Directors in its duty to ensure the quality of the financial and management information and of the internal auditing. It also oversees the provision of information to shareholders, management bodies and external regulators. The Audit Committee has four members and is made up solely of people who do not bear any responsibility for day-to-day management.

Management of Fortis (B) and Fortis (NL)

Fortis (B) and Fortis (NL) are Fortis' two listed companies. Their Boards of Directors contain all members of the Fortis Board of Directors. Each one is also entitled to appoint up to seven further non-executive members. The Board of Directors of Fortis (B) has used this option, whereas Fortis (NL) does not have any additional board members. The Boards of Directors of Fortis (B) and Fortis (NL) meet at least four times a year, according to a fixed timetable, and additionally as often as the group's interests require.

Regulation

A Group Audit Services department has been set up for Fortis as a whole. This department reports to the Audit Committee and twice a year issues an opinion regarding Fortis' internal audit systems. Once a year it also reports on legal compliance. In addition to the regular audits, specific topics are also audited every financial year for the group as a whole. In 1999, for instance, business contingency planning and millennium preparations were subjected to audits of this kind.

External auditing is done jointly by KPMG and PricewaterhouseCoopers. Together with Group Audit Services they issue a Letter to the Directors, the equivalent of the Letter to the Supervisory Board under Section 393 (4) of Book 2 of the Netherlands Civil Code.

Fortis' combined banking and insurance activities and its stand-alone insurance operations are subject to the regulation of the Belgian Insurance Supervision Office, DNB (De Nederlandsche Bank N.V.) and Verzekeringskamer (the Dutch insurance regulatory authority), and the Banking and Finance Commission in Brussels. The coordination of these regulatory bodies' respective scope is laid down in an agreement. Each of these four bodies regulates the activities of Fortis which come within its own jurisdiction. The regulatory body that monitors the largest volume of Fortis activities (measured on the basis of solvency requirements) also coordinates the Fortis-related activities of the other regulatory bodies. Fortis reports on a consolidated basis to this body. Based on the above criterion, the Banking and Finance Commission has the coordinating role. Each country in which Fortis has operations also has, of course, its own national body for the regulation of local activities.

Shares

The economic rights associated with each share Fortis (B) and Fortis (NL) (earnings, shareholders' equity and dividend) have been made equal by means of an equalization agreement. Fortis has introduced variable economic ownership, which means that the economic interest of Fortis (B) and Fortis (NL) in Fortis can vary between 30% and 70%. At the end of 1999, the economic ownership of Fortis (B) was 61% and that of Fortis (NL) 39%. On a fully diluted basis, the ratio is 58% - 42%. The control and voting rights of Fortis (B) and Fortis (NL) within Fortis are divided equally regardless of the economic ratio.

Dividend policy

Fortis maintains a payout ratio of between 40% and 45% of the group's net profit. This percentage offers sufficient scope for the healthy financing of growth. The shareholders of Fortis (NL) can choose between payout in shares or in cash.

Payout ratio

40% - 45%

Fortis is subject to legal restrictions regarding the amount of dividend it may pay to its shareholders, the most important of which apply in Belgium, the Netherlands and the United States. Under the equalization agreement, the gross dividends paid out by Fortis (NL) and Fortis (B) per share must be equal. In accordance with the provisions of the equalization agreement, if one parent company is prohibited from paying a dividend to its shareholders due to legal restrictions, then the other parent company is also prohibited from paying dividends to its shareholders.

The Netherlands Civil Code stipulates that dividends may be paid out by a company only if the net equity of the company exceeds the total of the paid-up and called-up capital and the reserves required by law or by the company's articles of association.

Under Belgian corporate law, 5% of the net profit of a company must be used annually for the formation of a reserve fund. This obligation no longer applies once the reserve fund has reached 10% of the authorized share capital. Dividends may not be paid if the level of net assets of the company falls below, or following payment of a dividend would fall below, the sum of its paid-up capital and non-distributable reserve. Fortis is also subject to dividend restrictions arising from minimum capital and solvency requirements imposed by the regulatory authorities.

Subsidiaries in the United States are subject to restrictions arising from the general corporate law in the states in which the subsidiaries in question are domiciled and from the regulation prevailing in those states. For life, accident and health insurance subsidiaries, dividends are generally limited to 10% of the legally retained profit or 10% of the legal net operating result if this amount is higher. For property and casualty insurance subsidiaries, dividends are limited to a specified percentage of the previous year's net equity or of the previous year's net investment results, depending on the state of domicile. Dividends paid in excess of these limitations require prior approval from the insurance regulatory authority in the state of domicile.

The consequences of the Fortis Bank Nederland (Holding) N.V. preferred stock issue for the dividend of the parent companies are described in the Supplement in the section 'Minority interests'.

Fortis Stock Option Plans

The option plans were
expanded in 1999

The key objective of the Fortis Stock Option Plans is to enhance employees' commitment to Fortis and its operating result and to provide an incentive for additional effort. In 1999 Fortis employees in the Netherlands and senior management in Belgium and the Netherlands were able to participate in the option plans. The option plans were expanded in 1999 to all Fortis employees in Belgium and Luxembourg and to numerous Fortis employees in other countries. The most important option plans of 1999 were offered in September and October to both employees and management.

Some 70% of the 44,000 employees in Europe who qualify for the Fortis Employee Stock Option Plan 1999 signed up for it. The total number of options accepted was 18.5 million. If all of these were to be exercised, the number of new Fortis (NL) shares to be issued would amount to 1.6% of the number of Fortis shares outstanding at 1999 year-end.

Because of the differing tax regimes, there are several minor differences between the option rules in each country. These affect matters such as duration and exercise price. The options have a duration varying between five and seven years and cannot be exercised in the first three years. The number of options for which employees and management could subscribe depended on their position in the company. The minimum amount was 300 (for the most junior positions) and the maximum 5,000 (for senior managers). As agreed, the option plans are determined by the board of Directors year by year. The possibility of options is not included in the terms of employment.

The exercise price for options in the Option Plan 1999 is linked to the closing price of the Fortis (NL) share on the Amsterdam stock exchange on 1 October 1999, namely EUR 29.81. Employees in the Netherlands could choose between several versions of the stock option. The actual exercise price varies according to the version chosen. The options can be exercised from 4 October 2002 in the Netherlands and from 1 January 2003 in most other countries.

Alongside the Fortis Employee Stock Option Plan, in 1999 options on Fortis (NL) shares were offered to the members of the Executive Committee and to the other members of the Boards of Directors of Fortis Insurance and Fortis Bank in Belgium and the Netherlands, all of whom hold executive positions at Fortis. The features of these options are identical to those of the Fortis Employee Stock Option Plan. The number of options on offer was 7,500 per person.

In May 1999 an option plan for Fortis (B) shares was offered to members of the Board of Directors in Belgium. The number of options was 7,650 per member. The exercise price equals the closing price of the Fortis (B) share on the Brussels stock exchange on 30 April 1999, namely EUR 31.75. The options have a duration of ten years and cannot be exercised in the first three years.

There is an option plan too for senior management of Fortis companies in the United States. It is intended as a response to intensifying competition in the senior management labour market in the US, where option plans of this kind are very common. The shares used in the plan are Fortis, Inc. Preferred Stock, for which the underlying securities are Fortis (B) and Fortis (NL) shares.

The table below gives an overview of the outstanding options on the basis of the Fortis Stock Option Plans as at 31 December 1999 (excluding the United States).

Options offered in	1999	1998	1997	1996
Exercise date	2004-2009	2003	2002-2007	2001
Number of options offered	18,665,150	5,188,100	4,742,050	89,500
- to the Executive Committee	67,950	22,500	55,950	12,000
Average exercise price in	30.41	27.57	19.86	11.46
Exercised before 1999		469,200	2,511,240	38,500
Exercised in 1999		705,300	684,200	9,500
Lapsed in 1999				
Outstanding at 31.12.99	18,665,150	4,013,600	1,546,610	41,500
- on Fortis (B) shares	186,950		241,110	
- on Fortis (NL) new shares	18,478,200	4,013,600		
- on Fortis (NL) existing shares			1,305,500	41,500

The figures for 1999 relate to the option plan for shares of Fortis (NL) and to the option plan for shares of Fortis (B).

The exercise price stated is the weighted average of these plans, including 3,143,800 conditional options at EUR 29.81. The figures for 1998 relate to the option plan for shares of Fortis (NL). The figures for 1997 relate to the option plan for shares of Fortis (NL) and the warrant plan for shares of Fortis (B). The exercise price stated is the weighted average of these plans. The figures for 1996 relate to the option plan for shares of Fortis (NL).

As at 31 December 1999, the number of options offered to the Executive Committee since 1996 amounted to 158,400 (see the table above). None of these options has been exercised.

Further details of the option plans are contained in the Supplement.

Insider knowledge

Stock option rights may not be exercised if the holder of the option might be in possession of price-sensitive information. To prevent the abuse of insider knowledge, holders are not permitted to exercise their options within a period of two months prior to the publication of the annual figures and a period of three weeks prior to the publication of quarterly and half-yearly figures. The exact dates will be communicated to employees annually. Exercise is also prohibited during any other period determined by the Board of Directors with a view to preventing insider trading.



FORTIS

Solid partners, flexible solutions

Fortis Insurance

Belgium

The Netherlands

United States

International

Fortis Bank

Individuals, Professionals
and Small enterprises

Medium-sized and large
enterprises and the Public sector

Private Banking

Asset Management

Investment Banking

Financial Markets

Information Banking

Financial institutions and Banks



FORTIS

Solid partners, flexible solutions

The Board of Directors consists of:

Executive members

Hans Bartelds, chairman ^(1, 2)
Count Maurice Lippens, chairman ^(1, 2, 4)
Henjo Hielkema, vice-chairman
Herman Verwilt, vice-chairman
Joop Feilzer
Gilbert Mittler

Non-executive members

Baron Valère Croes ⁽³⁾
Viscount Etienne Davignon ⁽¹⁾
Jaap Glasz ^(1, 2, 5)
Baron Daniel Janssen ⁽²⁾
Christine Morin-Postel ⁽²⁾
Annemieke Roobeek ⁽²⁾
Jan Slechte ⁽¹⁾
Philippe Speeckaert
Baron Piet Van Waeyenberge ⁽¹⁾
Klaas Westdijk ⁽³⁾
Gerrit Wilmink ⁽³⁾
(vacancy)

The Board of Directors of Fortis (NL)
consists of the same members
as the Board of Directors of Fortis

The Board of Directors of Fortis (B)
consists of the same members
as the Board of Directors of Fortis,
with the addition of the following members:

Frank Arts
Baron Philippe Bodson
Count Michel de Broqueville
Count Richard Goblet d'Alviella
Viscount Jean de Jonghe d'Ardoye
Ernesto Jutzi
José Vilarasau

⁽¹⁾ Member Chairmen's Committee

⁽²⁾ Member Compensation and Nominating Committee

⁽³⁾ Member Audit Committee. Also member Audit Committee: Klaus Wendel

⁽⁴⁾ Chairman Fortis (B)

⁽⁵⁾ Chairman Fortis (NL)

Hans Bartelds



Maurice Lippens



Herman Verwilt



Henjo Hielkema



Joop Feilzer



Gilbert Mittler



Fortis can look back on an excellent year, in which net profit rose 40% to EUR 2,316 million. Organic growth of 28% was the main driver behind the increase in both the volume of business and net profit. The growth is clearly in line with the trend towards increasing interest in investments with a greater degree of risk, which was translated into a growth in investment funds and investment-linked insurance products.

Report Executive Committee

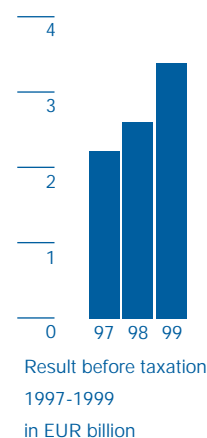
Highlights

Net profit in the insurance activities almost doubled to EUR 1,289 million thanks to a higher technical result in both life and non-life business and high realized capital gains (EUR 712 million), achieved partly through the sale of a number of participating interests. Both the life business – especially investment-linked products – and almost all non-life product lines contributed to the increase of 26% in premium income.

Net profit in the banking group rose 8% to EUR 1,185 million. Higher interest income, rising commission revenue, lower exceptional charges and a lower addition to the Fund for General Banking Risks were however insufficient to offset entirely the sharp fall in capital gains compared with the exceptionally high levels seen in 1998.

Dividend

Earnings per share rose 32% to EUR 2.02. A dividend of EUR 0.76 per share will be proposed to shareholders of Fortis (B) and Fortis (NL). Fortis (NL) shareholders will be offered an optional stock dividend.



Prospects

Developments in the financial sector have been turbulent. The trend towards consolidation continues to accelerate. Although still largely confined to national markets, it is likely to extend across international borders in the near future. Fortis is a pioneer in this regard.

Organic growth will remain our fundamental building block

Key figures (in EUR million)

	1999	Difference in %	1998	Difference in %	1997 pro forma
Total revenue, net of interest expense	26,225	18	22,176	18	18,785
Result before taxation	3,392	30	2,607	18	2,217
Net profit	2,316	40	1,660 ⁽¹⁾	30	1,280
Net equity	13,508	20	11,265	25	8,987
Core capital as multiple of Floor/Cap					
- Floor	1.31		1.16		
- Cap	1.03		0.93		
Total assets	406,109	19	340,262	13	300,524
Total assets under management	278,207	15	242,055	15	210,697
Employees	61,109	3	59,481	2	58,032

⁽¹⁾ Excluding extraordinary result

The trend is being further stimulated by information and communication technology (ICT), which is proving an important innovator and catalyst for the development of new distribution channels and services. Fortis is well positioned to take on the challenges offered by e-commerce and expects to go on playing a leading role in this field.

As far as life insurance is concerned, Fortis expects that the sale of investment-linked products – via both intermediaries and the banking channel – will contribute significantly to further growth in 2000. Favourable opportunities also exist in the Netherlands for products in response to the ‘Tax Plan for the 21st Century’. Risk segmentation, meanwhile, will result in lower cost of claims on non-life products. Fortis is confident that the integration of its insurance operations in the United States and the United Kingdom will lead to higher income as well as lower costs. Continuing organic growth is expected for all of Fortis Bank’s business lines, due in part to the synergies generated by their ongoing integration.

For 2000, barring unforeseen circumstances, Fortis expects to achieve net profit and earnings per share in line with its financial targets.

Strategy and policy

Fortis wants to be leader
in each market and each
niche in which it is active

The core business of Fortis is insurance, banking and investment. Fortis is an integrated financial services provider in its domestic market – the Benelux countries. Outside that region, it is a niche player in specific market segments. Fortis wants to be leader in each market and each niche in which it is active. A low cost base must be the starting point in the current market, and so Fortis is seeking to combine its activities in an effective way.

Fortis offers a wide and differentiated range of financial services, not only in terms of the number of products and services it offers, but also in the channels via which they reach the customer. Because each channel has its own added value, Fortis gives customers the opportunity to do business in a variety of ways. This also involves coordination of the various distribution channels. Fortis basically arranges its activities according to the type of distribution network. The determining factor is whether the products or services in question find their way to the customer mainly via third parties or whether they are sold through Fortis’ own channels. Fortis is convinced that a multi-channel approach will offer the best results, as it allows efforts in fields like product development or marketing to be combined in the most effective way.

E-business

Information and communication technology (ICT) is playing an increasingly important part in distribution and product development. ICT and e-business are important focuses for Fortis. To enable the company to maintain its position in this field, e-business has been placed at the top of Fortis’ agenda. Fortis sees e-business as an integral part of its strategy. Every Fortis company is involved in e-commerce, in terms of distribution, innovation and product development.

Fortis’ engagement in e-commerce is not restricted to the use of a supplementary distribution and/or communication channel for its banking and insurance activities; it is also actively entering new markets with Internet-based services. Criteria for e-commerce initiatives include added value for our customers, user-friendliness, reliability, security and low costs.

Criteria for Internet
initiatives include added
value, user-friendliness,
reliability and security

Fortis is boosting the efficiency of its primary business processes, to allow efficient performance of its web-enabled distribution and product development activities. This is fully in line with its aim to be a low-cost-base producer and to offer straight-through processing.

Fortis Insurance concentrates primarily on using e-commerce to support its intermediaries. In the Netherlands and Belgium, intermediaries can now communicate with Fortis directly via the Internet and can conduct transactions online. The Internet-based Superior product concept was launched in the Netherlands in 2000. Superior integrates all the customer's financial details and makes this information more accessible to both the intermediary and the customer. Customers of intermediaries will also be able to conduct transactions independently over the Internet.

Fortis Bank already offers a large number of products and services based on Internet technology. The number of Internet transactions is growing especially strongly on the part of retail customers. Large enterprises, too, are making increasing use of the opportunities that Fortis provides for doing business via the Internet. Private Banking customers can now use the Internet application 'Personal Investment Informer' to check their portfolios at any time of day and to contact their personal advisers. Information Banking has developed an Internet infrastructure that allows information to be exchanged with third parties. Fortis is currently investing heavily in a new e-commerce activity for securities trading, savings accounts, funds transfer and investment funds. This activity will focus on a selected number of European countries.

The application of information technology has not been restricted to additional distribution concepts, intermediary support and new products. Fortis is also rapidly developing a technology-driven knowledge organization in which information technology forms an integral part of personnel training and knowledge management, whereby extranet applications aimed at the exchange of knowledge are used.

Fortis also sees e-business as an instrument for optimizing procurement, not only by centralizing purchasing capacity but also by improving the efficiency and quality of the purchasing process.

Fortis Insurance

In its domestic market in the Benelux countries, Fortis Insurance is pursuing the Fortis strategy by focusing on strengthening its position as an integrated financial services provider that distributes its products and services via intermediaries. Its primary goal is to pursue organic growth. By actively supporting and guiding the intermediaries, Fortis can achieve further sales growth while cutting costs – an approach that has already proved successful. Consequently, in the year under review, Fortis adjusted its Benelux network to fit in more effectively with the different types of intermediary. To this end, a new organizational structure called NOVA has been set up in the Netherlands, and intermediary support was further enhanced in 1999 in Belgium. The cross-border combining of industrial non-life insurance under the name Fortis Corporate Insurance was realized in 1999.

Fortis continued to pursue its niche strategy in the United States with the aim of achieving a leading position in several specific market segments. This is illustrated by the acquisition of John Alden and that of American Bankers Insurance, which nearly doubled the scale of Fortis' US operations. The combination of American Security Group and American Bankers Insurance, operating under the new name 'Assurant', is now the market leader in the field of credit-linked insurance.

The activities of Fortis International are also designed to pursue increased scale within specific niches. This was the purpose of the 1999 takeover of the British insurer Northern Star. Fortis' objective in Asia, meanwhile, is to use its knowledge in the field of bancassurance to set up joint ventures with local banks. The bancassurance concept and Assurant's products in the United States lend themselves well to application in other countries.

The acquisitions
of John Alden
and American Bankers
Insurance nearly
doubled the scale of
Fortis' US operations

Fortis Insurance is continually striving to combine its strengths. One example is the creation of cross-border collaborative arrangements and the increasing exchange of know-how. Fundamental integration of operations is less practical in this field, given the differences in taxation, social and other conditions in the countries in which Fortis Insurance operates.

Fortis Bank

The integration associated
with the formation of
Fortis Bank dominated
developments in 1999

In line with the Fortis strategy, Fortis Bank, which is made up of a series of highly reputed banks and financial institutions, has set itself the goal of becoming a leading integrated financial services provider. It believes it will be able to strengthen its position in bancassurance in particular. The integration associated with the formation of Fortis Bank dominated developments in 1999. Rapid and effective integration is extremely important for Fortis, as it is for any company in the wake of a merger. By combining as many activities as possible, maximum benefit can be obtained from potential cost and revenue synergies. Fortis is devoting a great deal of attention to this area, with a particular focus on maintaining the strengths of the constituent parts. In this way, Fortis is laying the foundations for the further successful growth of the group.

The task facing Fortis Bank in the coming years is to fully integrate the operations of its component banks in a structure by business line. A successful start was made to this process in 1999. Numerous activities in the fields of private banking, asset management, investment banking, financial markets and bancassurance have now been integrated. Meanwhile, integration activities for the remaining units remain on course. Given that there are around 250 integration projects in total, this is no mean achievement. The operation is scheduled for completion in 2003. The recently created Benelux platform will be gradually developed in the coming years into a European platform. Selective use will be made of targeted acquisitions in order to achieve the desired positions. In 1999, for instance, the French securities brokerage Meeschaert-Rouselle strengthened Investment Banking, while the position of the Medium-sized and large enterprises and the Public sector business line was strengthened by increasing the stake in Poland's Pierwszy Polsko-Amerikanski Bank to nearly 100%. In the early part of 2000, Fortis strengthened its private banking position by increasing its stake in Banque Générale du Luxembourg. The objectives are ambitious and clear. Fortis intends to be Benelux market leader in the financial services field and to expand its activities in the bancassurance market. Elsewhere in the euro-zone, Fortis will pursue a leading position in selected market segments. It is prepared to enter new markets to this end, provided that it will be able to achieve leadership in them. Outside Europe, Fortis Bank has a presence in countries where this is desirable in order to provide a good service to its customers.

Macroeconomic developments

In the first quarter of 1999 the euro-zone economy still had to contend with the after-effects of the Asian crisis. It then made a tentative recovery in the second quarter. The euro-zone benefited strongly in the second half from an upturn in world trade and accelerating demand, as a result of which full-year growth actually turned out at 2.2%. Domestic demand in the United States proved much stronger than anticipated, which had the effect of pushing up Gross Domestic Product by 4%. The Japanese economy could only manage growth of 0.8% because of the adverse influence exerted on consumption by restructuring in the commercial sector.

Developments in interest rates

Capital market rates reflected the pattern of economic development. Accelerating economic growth and higher inflation as a result of increased raw material prices caused ten-year rates to rise, in the US by around 180 basis points and in the euro-zone by 150 basis points.

In the United States the Federal Reserve raised official rates to 5.50% in three stages, while the European Central Bank, having eased rates by 50 basis points in the spring, lifted them again in November to their original level of 3%. Overall, the yield curve steepened in both the United States and the euro-zone. On balance, Japanese capital market rates did not move a great deal. Economic recovery in Japan remains unconvincing against a background of falling prices. Rate movements in this environment were determined primarily by shifts in the balance of supply and demand in the market for government bonds.

Developments in currencies

The euro did not perform especially well in its first year of existence. Having got off to a good start, the currency slipped to parity with the dollar. The chief factor behind this development was the fact that economic growth in the euro-zone continued to lag well behind that in the United States. Another factor was the lack of clarity as to whether the European Central Bank wanted a strong euro or a weak one. Surprisingly, given the weakness of the Japanese economy, the dollar lost ground to the yen. This was largely due to the heavy flows of capital into the Japanese equity market in the wake of better-than-expected growth figures for the first half-year. Sterling remained strong throughout the year, causing significant problems for industry.

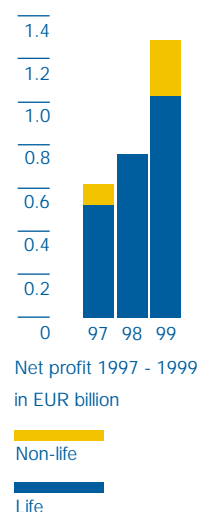
Developments in financial markets

Equity markets recorded substantial advances despite the sharp rise in interest rates. This reflected the high level of mergers and acquisitions, especially in the telecom sector, and still-growing optimism regarding the earnings outlook for technology stocks. The Asian markets turned in the strongest full-year performances, followed by those in America and Europe. September was a bad month for most equity markets, as it was in this month that capital market rates reached their 1999 peak. Favourable inflation figures then renewed faith in the 'new economy' and restored the optimism of the equity markets, despite the further rise in interest rates which followed.

Results of insurance activities

The insurance business maintained its strong performance in 1999. Insurance premiums rose by 26%, and there was strong growth in sales both through intermediaries and via the banking channel. Organic growth totalled 13%. Life business again grew strongly, increasing by 15%. Adjusted for the transfer of premiums for the group insurance contracts of VSB Bank and MeesPierson in 1998, growth was as high as 23%. The main reason for this increase was strong growth in sales of investment-linked products, both via the network of financial intermediaries and via the bancassurance networks in Benelux and Spain. Result before taxation in life increased by 46% to EUR 1,302 million as a result of the strong rise in premium income across the board, better mortality results and higher capital gains realized on investments. The latter were due to the sale of NIB shares (EUR 98 million) and the exchange of Tractebel shares for shares in Suez Lyonnaise des Eaux, which were then sold (EUR 255 million). Life business generated 80% of the result before taxation of the insurance activities.

Premium income in non-life rose by 38%. Of the total non-life premiums, 62% was generated in the United States. Premium income in accident and health insurance rose by 37%, primarily thanks to the acquisition of John Alden and organic growth of 7% in the United States. Motor and fire insurance both performed well, growing by 17% and 7%, respectively.





*Laurence Declèves,
assistant to the director of Human Resources and Logistics,
Fortis Assurances*



Fortis high profile in France

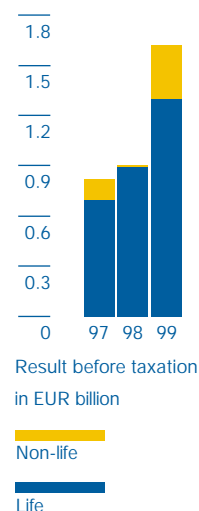
“‘Sharing the sky, sharing the new century’. Under this slogan, in June 1999 Fortis Assurances launched the world’s biggest balloon over Paris, a stunt that has greatly boosted awareness of the Fortis name. The colourful Fortis balloon features children from all around the world holding hands and illustrates the power of Fortis: solidarity and teamwork. In January 2000 Fortis won first prize for this project in the ‘events’ category at Unesco’s ‘Top Com 2000’ conference.”

The biggest increases were in the United Kingdom, partly as a result of the acquisition of Northern Star, and in Spain. Premium income in the other product lines, particularly credit-linked insurance, increased by 84% thanks to a combination of organic growth and the acquisition of American Bankers Insurance in the United States. This insurance activity accounted for 74% of earned premiums in other non-life.

The non-life result before taxation rose from EUR 12 million to EUR 322 million. The technical result improved on all product lines, with the exception of fire insurance. The technical result in accident and health insurance moved ahead strongly, fuelled by improved claims ratios in Belgium, the Netherlands and the United States. The technical result on fire insurance was down 27%, in line with the general trend in all regions. The technical result on other product lines rose by 11%. Motor insurance again returned a positive result, though the picture was patchy, with a strong improvement in Belgium and a slight downturn elsewhere. The technical result on other product lines in the United States was depressed by the exceptionally high claims in connection with hurricane Floyd (EUR 9 million net). ABI made a positive contribution to the result.

Exceptional charges were reduced sharply in the year under review, coming down EUR 235 million to EUR 54 million (1998: EUR 289 million).

Operating costs in the insurance group rose by 19%, while total revenues increased by 29%. The integrations of John Alden, ABI and Northern Star, together with increased expenditure on ICT, were what caused the higher costs. The organic increase in costs was 10%.



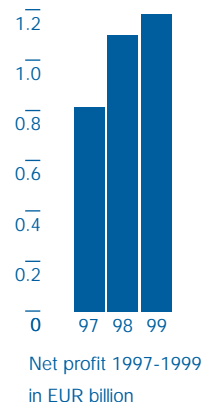
Results of banking activities

The banking group enjoyed substantial growth both in funds entrusted by clients and in the loans portfolio. Despite pressure on margins and the effect on fixed-income securities of high realized capital gains in previous years, the interest margin improved by 3% thanks to an increase of 15% in the volume of credits. Both retail and corporate credits showed significant growth. Loans to and funding by banks increased markedly as a result of large-scale securities lending transactions. The weighted credit and market risk volume increased by 19%, in line with the growth in the balance sheet total.

Net commission continued to rise, increasing by 11% owing to strong growth in issuing activity and higher commission income from asset management. Commissions on the sale of insurance products via the banking channel decreased slightly as a result of the transfer of the insurance broker TCD from the bank to Fortis Bank Insurance. Excluding this development, growth amounted to 10%.

The result from financial transactions fell. The realized capital gains were less than half the previous year's figure, while the results of the dealing rooms also fell sharply as a result of the introduction of the euro and the positions adopted.

Total assets under management in 1999 rose by 15% to EUR 278 billion. The slight increase of 1% in other operating expenses was partly the result of the restructuring charges taken in 1998 (EUR 317 million). Unusually low pension charges in 1998 helped to keep down the rise in costs. The decrease in realized capital gains resulted in an increase in the cost-income ratio from 63.6% to 66.3%.



The reductions in value were 37% lower than in the previous year, the result of an improvement in the quality of the lending portfolio and the formation of a general provision for the dioxin crisis in Belgium totalling EUR 46 million in 1999, compared with a provision for the millennium risk of EUR 167 million in 1998. The reductions in value amount to 0.28% of the weighted risk volume. The addition of EUR 141 million to the Fund for General Banking Risks (FGBR) is in line with Fortis' policy of adding an amount equal to 0.1% of the weighted risk volume to the fund each year. At year-end 1999 the fund amounted to 1.28% of the weighted risk volume. This is entirely in line with Fortis' policy of maintaining a fund for general banking risks amounting to between 1% and 1.5% of the weighted risk volume. The total assets of the banking arm rose by 19% to EUR 329 billion, mainly as a result of the strong increase in the volume of credit and in investments.

Capital market transactions

Fortis aims to maximize its solvency while minimizing costs. This strategy enabled the group to move successfully into several capital market segments in 1999, including equities, loans and hybrid instruments.

January 1999 saw the successful issue of 29 million Fortis (NL) shares at a price of EUR 31 per share. The offering raised EUR 899 million. The net proceeds were used to acquire the remaining 25.1% of ASLK-CGER's share capital. The acquisition and the share offering were reported in the 1998 financial statements.

In March 1999, Fortis announced the takeover of American Bankers Insurance (ABI) at a price of USD 55 per share, valuing ABI at USD 2.6 billion. A capital increase took place on 1 July 1999 to help finance the acquisition. The transaction combined the offering of 55 million new Fortis (NL) shares with a convertible bond issue. The gross proceeds were EUR 2.2 billion. Fortis' combined issue was rated one of the 'Corporate Finance Deals of the Year 1999'.

In April 1999, Fortis launched a EUR 3 billion 'European Medium Term Notes' programme. This included a successful initial public offering of ten-year bonds worth EUR 1,250 million. The proceeds of the issue, which took place under favourable conditions, were used for general business purposes, including the refinancing of current liabilities.

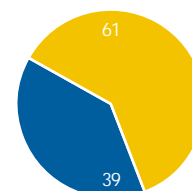
Fortis went on to issue two hybrid instruments, each worth EUR 650 million, in May and June 1999. The purpose in this case was to strengthen the group's financial base in a cost-efficient manner. The first transaction was for the group's insurance arm, while the second was issued by a banking subsidiary to underpin the bank's tier-1 ratio. The stand-by facility of BEF 135 billion, which dates from 1998, was replaced by a new one of EUR 2 billion in the course of 1999.

In August 1999, Fortis launched a commercial paper programme in the United States with a starting capital of USD 1 billion. The purpose of the programme is to meet the short-term financing needs of Fortis' insurance operations in the US.

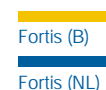
Share capital

The table below shows the maximum impact of the conversion of the convertible bonds and the exercise of stock options.

Group	Fortis (B)	Fortis (NL)	Total
As at 31-12-99	718,049,025	460,207,949	1,178,256,974
2.625% Convertible 98/03		21,602,160	21,602,160
1.5% Convertible 99/04		15,000,000	15,000,000
Warrants Fortis (B) 1990	2,489,220		2,489,220
Warrants Fortis (B) 1997	241,110		241,110
Personnel stock options 1998		4,013,600	4,013,600
Personnel stock options 1999	186,950	18,478,200	18,665,150
	<u>720,966,305</u>	<u>519,301,909</u>	<u>1,240,268,214</u>
Share in Fortis	58.1%	41.9%	



Share in Fortis



Solvency

Fortis has formulated a framework for solvency which defines an upper and a lower limit. The minimum limit is based on the sum of 6% of the bank's risk-weighted assets and 1.75 times the statutory minimum requirements for the insurance sector. The maximum limit comprises 7% of the bank's risk-weighted assets and 2.5 times the statutory minimum requirements for the insurance industry. The two innovative financing instruments which were introduced in the first half of the year under review led to a further improvement in Fortis' solvency position.

	<i>Minimum</i>	<i>Maximum</i>
Net core capital	17,852	17,852
Solvency	13,678	17,253
Surplus (deficit) over solvency Floor/Cap	4,174	599
Core capital as multiple of Floor/Cap	1.31	1.03

The Fortis banking subsidiaries are subject to various guidelines which are prescribed by the Belgian and Dutch regulators for the banking industry. These guidelines have been formulated in accordance with the relevant EU directives and the directives developed by the Basle Committee on Banking Supervision. Among other things these directives stipulate that the Fortis banking subsidiaries must maintain a solvency ratio – the ratio of total assets (tier-1 and tier-2 capital) to the risk-weighted assets and off-balance-sheet items – of at least 8%. The bank's tier-1 ratio decreased from 7.7% at year-end 1998 to 7.6% at the end of 1999. The total capital ratio decreased from 10.9% to 10.6%.

According to EU guidelines, insurance companies which are based in an EU member state must meet a solvency margin. This is calculated as follows:

- non-life: in principle, at least 16% of the premiums net of reinsurance;
- life: in principle, 4% of the technical provisions (1% for life insurances linked to investment funds) plus 0.3% of the sum insured under ordinary life contracts.

As at 31 December 1999 the solvency margin for Fortis' insurance activities amounted to EUR 7,338 million. These activities held more capital and reserves at year-end 1999 than was required in order to meet the minimum solvency margin of EUR 2,827 million. Fortis' insurance companies in the United States are subject to the requirement set by the regulators in the states where the various companies are based, to maintain a risk-weighted minimum capital ratio. All the companies concerned meet this requirement.

People at Fortis

The development of managerial skills should go hand in hand with the expansion of professional know-how and experience

The human resources policy of the various Fortis companies is implemented to a major extent on a decentralized basis. The focus at group level is on the exchange of know-how and experience, management development for current and potential senior managers, and the development of principles for international human resources policy. The corporate strategy is the starting point for the cross-border exchange of know-how and experience. Firstly, the various business units can benefit from each other's functional expertise and best practices. Secondly, they can really get to know the other parts of the company. This is necessary, because it is precisely at the points of overlap that interesting opportunities for new activities can be found. The programme Accelerated Learning for Fortis Advantage (ALFA) is a good example of the intended approach. The programme facilitates the exchange of internal expertise in specific fields and aims to create platforms for worldwide networks that contribute to the unity of Fortis. There were two ALFA conferences on marketing in 1999, which were attended by senior Fortis managers from both the banking and insurance arms, and a series of ALFA conferences on IT and business strategy is scheduled for 2000. There will be a virtual follow-up to the conferences on the Fortis intranet, further enhancing the cross-border exchange of knowledge and creating 'Communities of Practice'.

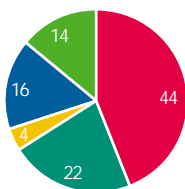
An international enterprise like Fortis has a large number of positions in which potential senior managers can demonstrate their talents. It is important, however, to accurately chart the required competences and to monitor the development of current and potential senior managers. To this end, in the year under review a completely new approach was developed for the first two layers of Fortis Insurance and Fortis Bank. The starting point is that the development of managerial skills should go hand in hand with the expansion of professional know-how and experience, so as to enable managers to maintain quality as they continue to function in a rapidly changing environment. When transferring managers to other positions within the company, Fortis not only takes into account their personal development as managers; just as important is that their professional know-how is deployed in an effective manner and that the strategic cooperation between Fortis units is further developed.

Under its international human resources policy, Fortis is working on building both its corporate identity and employee commitment. To strengthen employee loyalty, Fortis decided in 1999 to extend the Stock Option Plan, previously available in the Netherlands only, to all employees in Belgium and Luxembourg and to numerous Fortis employees elsewhere in Europe.

The Career Guidance Centre has been operational in the Netherlands since 1 September 1999. The centre advises Fortis employees who are seeking a different position within the company. In the first year of operations, more than half of the employees who completed an entire orientation phase at the centre actually applied for a different position within the company. Fortis is investigating whether the formula of the Career Guidance Centre could be successfully applied in Belgium.

In the United States, the integration of American Security Group and American Bankers Insurance, acquired in 1999, was tackled at high speed. The integration process was completed in record time. A decisive factor in the successful approach was that a number of the intended changes were clearly explained to the employees six months before the transaction was completed.

61,109



Employees by region in %

- Belgium
- The Netherlands
- Luxembourg
- United States
- Rest of the world

The Fortis Employee Orientation Programme has been developed to introduce both old and new employees to the various parts of Fortis. The programme provides a framework on which the local organizations can base their own introductory programmes. Now that Generale Bank has become part of Fortis Bank, its European Works Council will be disbanded at the end of June 2000. Steps were already taken in 1999 to set up a single new Works Council for Fortis in consultation with the European Works Council of Fortis and the relevant directors. In Belgium consultation with representatives of the companies involved has resulted in a social consultation model for Fortis Bank in which general norms are discussed and agreed at a central level and details are specified at a local level, where the local problems are also solved. In the Netherlands elections for a new Works Council have already been held at Fortis Bank, and consultation with the trade unions has resulted in an agreement on harmonization of the terms of employment of the banks involved. Because it was decided at the same time to introduce a separate collective agreement for Fortis in the Netherlands, the agreement will be extended further in that context.

The community and the environment

Fortis intends to establish a distinctive market identity by pursuing four key values: caring, innovative, stable and straightforward. These values not only determine the enterprise's attitude towards its customers, they are also expressed in its commitment to the community and the environment. Fortis is, first and foremost, an organization of people. They are the ones who have to give shape to these values. To encourage employees to observe these values in their dealings with customers, Fortis has developed an introductory programme with the motto 'First we are people'. The customer always comes first at Fortis. The company thinks from the customer's point of view. The organization of the banking arm into lines of business is a good example of this. In its relationship with the customer, Fortis sets out to be an open, reliable and stable partner, one that offers tailor-made solutions to every customer and always speaks plainly. It understands the big picture without ever losing sight of the human details.

The community

The company also has a committed approach to the community. The various Fortis companies are active in a whole range of areas through a large number of corporate organizations. Fortis is involved, for instance, in social welfare, health, sport and leisure, art and culture, education, and nature and the environment. The company also nurtures the social commitment of its employees. In Belgium, Fortis has been financially supporting medical research on a regular basis since 1965. Fortis Foundation Belgium supports projects designed to improve the position of socially deprived children and young people and to promote solidarity between the generations. In the Netherlands, the Stimulans programme helps projects in which Fortis employees have a special interest. The latest activity here is Social Team Building. By taking on community projects, Fortis is developing team spirit while making an important contribution to society. In the United States too the various Fortis companies show their commitment to the community through a large number of projects. They are also affiliated to The United Way, an umbrella organization that oversees the sponsoring of a great many local community initiatives.

By taking on community projects, Fortis is developing team spirit while making an important contribution to society

The environment

Fortis companies' everyday concern for the environment is evident in many ways. They demonstrate their willingness to reduce their share of the burden imposed on the environment through numerous practical initiatives. Examples include the recycling of plastic cups, the sorting of waste in the workplace and the responsible disposal of used office supplies. Fortis has also signed up to a number of covenants, in which it has undertaken to reduce its energy consumption by a specific percentage. Business Energy Plans have been drawn up to this end for virtually all the company's buildings. These plans contain technical and organizational measures designed to optimize energy consumption.

*Paul-Louis Courtejoie,
vice-president Communications,
Fortis AG*



175 years of AG

"AG 1824, Belgium's oldest insurance company, celebrated its 175th birthday in 1999 with a huge party. One feature highly typical of AG is that it has always responded alertly to social developments. As a result, we are often the first to launch innovative insurance products and services. Together with intermediaries, our key to success, we will continue under our new name Fortis AG to create solutions which link up even better with consumers' needs."



Fortis Insurance brings together all the Fortis businesses that work via third parties. These insurance companies offer a wide range of financial services through independent intermediaries. Distribution also occurs via financial institutions and electronic channels.

Fortis Insurance

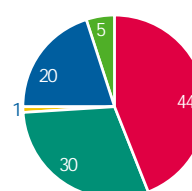
Fortis Insurance leads its domestic market in the Benelux countries in both life and non-life insurance. In the United States Fortis Insurance is pursuing a niche strategy in the following market segments: credit-related services, life and health insurance, employee benefits and investment-related insurance products. Fortis intends to achieve a leadership position in these niches. Fortis International combines the group's operations in France, Luxembourg, the United Kingdom, Spain, Australia and Asia (Singapore). Each company operates in specific life and non-life market segments, in which they are pursuing a strong position.

Life Benelux

Through AG 1824 in Belgium and AMEV in the Netherlands, Fortis Insurance offers a wide selection of individual and group life insurance and a large number of investment-linked insurance products. Fortis is Belgium's largest provider in the life sector. AG 1824 celebrated its 175th anniversary in 1999. Since February 2000, it has been operating under the name of Fortis AG, which will raise Fortis' profile among customers. Fortis AG and AMEV work primarily through intermediaries and their own insurance agents. They focus on retail customers, SMEs, large enterprises and international customers. Life operations in Benelux performed very well in 1999.

Fortis AG recorded a sharp increase in its premium income. Investment-linked products delivered the strongest growth. The technical result did not keep pace with the increase in premium income because of the weaker growth in classic products, which have higher margins.

EUR 1,624 million



Result before taxation
by region in %

Belgium
The Netherlands
Luxembourg
United States
Rest of the world

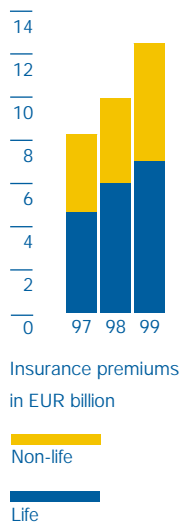
Investment-linked
products accounted for
the greatest growth

Key figures (in EUR million) ⁽¹⁾

	1999	Difference in %	1998	Difference in %	1997 pro forma
Total revenue, net of interest expense	18,909	29	14,663	19	12,275
Costs	2,023	19	1,702	14	1,493
Result before taxation					
- Life insurance	1,302	46	892	34	666
- Non-life insurance	322	*	12	(90)	128
Net profit	1,289	78	724 ⁽²⁾	23	590
Total assets	78,487	28	61,225	16	52,582
Technical provisions					
- Life insurance	34,625	14	30,255	20	25,249
- Non-life insurance	9,988	47	6,800	(8)	7,408
Net equity	8,464	15	7,347	11	6,619
Employees	20,197	13	17,904	6	16,838

⁽¹⁾ Including Fortis Bank Insurance

⁽²⁾ Excluding extraordinary result



To consolidate its position in the market, Fortis AG plans to launch several new investment-linked products in 2000, building on the success already achieved. A supplementary pension product line is also being developed. The existing Life Excellence Approach (LEA) is being further developed in order to strengthen the advisory function of intermediaries in the field of personal financial planning. Fortis AG has consolidated its position in the employee benefits business by bringing together the group insurance operations of ASLK-CGER and AG 1824 under the name 'Fortis Employee Benefits'. Although group life is continuing to feel the effects of the pay freeze, growth was satisfactory. The technical result was virtually unchanged.

AMEV recorded a stable technical result, even though new entrants into the market and intensified price competition on simple retail life products depressed margins. As in Belgium, growth was attributable almost entirely to investment-linked products. Insurance subsidiary Falcon also achieved a substantial increase in this type of product in 1999. Growth began to slow down in the final quarter in response to market uncertainty regarding the impact of proposed tax measures on existing products. A new product concept was launched in 2000 to respond to these plans. The integrated financial concept is called Superion and is based on the Internet. The first steps were taken in 1999 to restructure and standardize the product range. New products, such as the ABC Kidsplan, have been developed for specific market segments. AMEV Bancair launched an investment mortgage as its first product in the year under review. Fortis believes in the importance of strong intermediaries, which is why it invested heavily in 1999 in information and communication technology designed to support its intermediaries. There is an extranet application, for instance, that provides selected intermediaries with direct access to policy administration. Meanwhile, AMEV Start Support has been developed for new intermediaries. The same attitude is reflected in the fact that AMEV has taken participating interests in a number of intermediary offices.

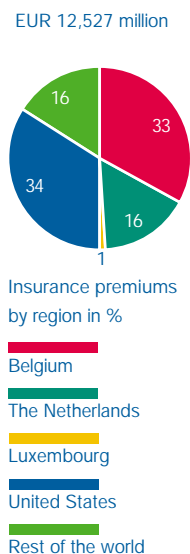
The life company Fortis Luxembourg Vie concentrates on the cross-border sale of financial products, taking advantage of the European directive on the freedom of services. It is also active in the local market via its own agents (individual life) and intermediaries (group life).

United States

Premium income from life activities rose by 37% in 1999. The technical result increased by 50%, a good development which was chiefly due to the acquisition of American Bankers Insurance and John Alden.

Fortis Financial Group carries an extensive range of individual life insurance and investment products. Distribution is mainly through independent agents. The positive stock market climate, lower mortality and favourable interest spread all contributed to a rise in premium income and technical result in 1999. To continue growing in a market in which margins are under pressure due to the waning interest in traditional products, the group is gearing its efforts towards offering new products and services while providing agents with extra support.

In preneed funeral insurance Fortis Family is the second largest provider in the United States. Its products are distributed mainly through funeral homes. Premium income and technical result grew in line with the market. The growth is largely due to the integration of Pierce National Life, which was taken over in 1998. Fortis Family is investigating the possibility of selling supplementary products through the funeral home channel.



The group life products of Fortis Benefits performed excellently in 1999, thanks partly to favourable mortality figures.

International

Fortis Assurances distributes insurance products in France through a variety of channels: its own agents, independent intermediaries and financial institutions. Premium income from both individual and group life policies grew by 26% and 14% respectively. Profit margins continued to narrow because of the high cost level and the past few years' low interest rates. Fortis Assurances intends to improve its cost ratio in the coming years by investing more in the structure of its organization and in information and communication technology.

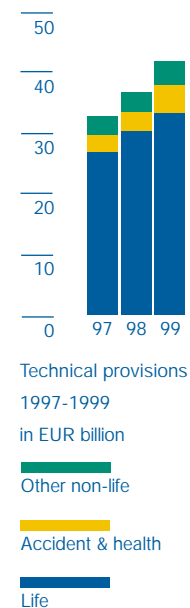
VidaCaixa – a subsidiary of CAIFOR, Fortis' joint venture with "la Caixa" in Spain – supplies annuities, investment-linked products, pension plans and credit-linked life insurance via bank branches. It performed excellently in 1999. Product innovation remains the key to VidaCaixa's success. On 1 September, the company launched its first investment-linked life insurance policy – SegurFon Caixa. The product allows customers to invest in a wide variety of funds. VidaCaixa consolidated its leadership position in the life insurance market and reached a new milestone with an invested capital of over EUR 6 billion. It is the leader by some way in the bancassurance market, measured both by premium income and technical provisions. Premium income rose by more than 130% compared to 1998. This positive development was in part due to the way that annuities and investment-linked insurance products are treated by the Spanish tax authorities. Another Fortis company, Seguros BILBAO, distributes its life products through intermediaries. It began to launch its investment-linked products back in 1998. The mediocre performance of the stock market has held back the growth of these products. As a result there was little discernible improvement in results.

VidaCaixa reached a new milestone with an invested capital of over EUR 6 billion

Non-life Benelux

Through Fortis AG and AMEV, Fortis Insurance is one of the top three providers of non-life insurance in the Benelux region. Price competition in the Belgian market was intense, especially for workers' compensation insurance (occupational accident), which is why the 1999 result of this line was less than half that in 1998. By contrast, the negative trend that has affected motor insurance in recent years has now turned around. Improved risk segmentation enabled the result to increase slightly. To meet demand for supplementary health insurance, Fortis set up the Health Care business unit in Belgium. This brings together the expertise that was previously to be found in the retail and corporate sectors. The first product – AG Care Hospitalisatie – was launched in 1999. The integration of the portfolio of industrial insurances in Belgium and the Netherlands was completed in 1999 to form Fortis Corporate Insurance, a cross-border enterprise. A specialist approach to risk management in both markets results in high added value for the end customer and professional intermediaries.

In the Netherlands, AMEV's non-life operations recorded an across-the-board increase in premium income and technical result, with the exception of fire and motor insurance. This was primarily attributable to the improvement in portfolio quality brought about by the application of risk segmentation and the pruning of the product range. This policy will be continued in 2000. On 1 January 2000, for instance, moped insurance was dropped from the range. The sick-pay insurance segment continued the positive trend that began in 1998. The new sick-pay product has now moved into profit and has given AMEV a lead in the market. AMEV has developed an electronic claim form and a multi-branch, Internet-based claim-processing system for its intermediaries. Further advances have also been made in automated acceptance procedures. This is not only producing improved quality and lower costs, it is also strengthening the position of the intermediaries.



Fortis Luxembourg-IARD offers non-life insurance, with the exception of motor insurance. It operates exclusively in the local market. Technical result increased and premium income remained stable.

United States

In the United States Fortis is active in healthcare insurance, employee benefits and credit-related services. Premium income rose by 64% compared to 1998. The technical result increased from EUR 3 million to EUR 65 million. The United States contributed 62% of the Fortis premium income from non-life activities. In 1999 most of the growth was accounted for by John Alden and American Bankers Insurance (ABI), which strengthened the existing activities of Fortis in the healthcare and credit-related fields respectively. Fortis also achieved excellent results in the United States in employee benefits.

Fortis Health is one of the largest independent insurers in the area of healthcare insurance for small businesses and individuals. Premium income doubled in 1999 due to the consolidation of John Alden, which was taken over in 1998. Rates were increased owing to the higher cost of claims for accident and health.

Fortis Benefits has a leading position in the area of employee benefits (in this case disability and dental insurances) for small and medium-sized businesses. Premium income and technical result remained stable in 1999. Fortis aims to strengthen its position further through product differentiation and strategic acquisitions. It will not increase market share at the expense of profitability.

Assurant accounted for more than half of the volume of business in the United States

Assurant is the new name of the combination of American Security Group and American Bankers Insurance, which was acquired in August 1999. It leads the market in the field of services related to forms of consumer credit such as credit-card activities and mortgages. The acquisition of ABI gave Fortis control of a number of additional products and distribution channels, notably the credit operations of large chain stores and financial institutions targeting the private market. The integration of the two companies went smoothly. In 1999 Assurant was by far the most significant activity of Fortis and accounted for more than half of the volume of business in the United States. The result of the new combination in the year under review was lower than expected due to the cost of claims resulting from hurricane Floyd. In 1999 a joint sales programme was set up and a new product introduced for credit-card registration. The provision of credit-linked insurances through public facilities such as gas and electricity companies - a new distribution channel - has also been successful. In 2000 consolidation of systems and the development of new products are expected to bring a further increase in the volume of business and reduction of costs.

Fortis Long Term Care, a specialist insurer of the costs of private residential care or home care for the elderly, was sold early in 2000. Fortis has decided not to continue its activities in this niche market, because it cannot win the leading position to which it aspires within a reasonable time scale.

International

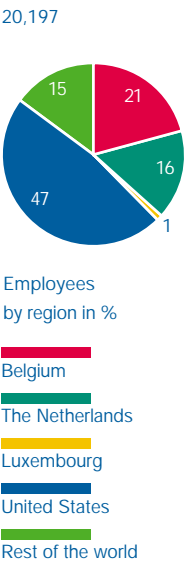
SegurCaixa is a subsidiary of Fortis' Spanish joint venture CAIFOR. Its principal business is fire insurance, which it offers via the banking channel. Seguros BILBAO has a substantial non-life portfolio, a large proportion of it in the form of motor insurance. Seguros BILBAO saw an increase in the number of motor insurance claims in 1999. Costs also rose in response to a directive on physical injury compensation.

These developments prompted the company to raise its premiums. Efficiency improvements were also introduced. Premium income rose, thanks in part to higher premiums. In a fiercely competitive market SegurCaixa achieved an increase in premium income and technical result.

In the United Kingdom, Fortis concentrates through Bishopsgate Insurance on the sale of motor and travel insurance. Bishopsgate’s position was significantly strengthened in 1999 by the takeover of Northern Star, which is chiefly active in motor and other retail insurance. The premium income of the new combine, which will operate under the name of Fortis Insurance, rose sharply in 1999 thanks to new business and higher premiums. The integration of Northern Star and Bishopsgate is proceeding according to plan.

Fortis distributes its non-life insurance products in Australia through car dealers and financial institutions, and its corporate business (‘house accounts’) via its own agents. The Australian market witnessed further consolidation in 1999. The country was struck by a higher than average number of natural disasters last year. The hailstorm that hit Sydney in April 1999, for instance, produced the highest level of insurance claims that Australian insurers have ever seen. Despite this, Fortis achieved a better result than forecast in Australia. Its performance was also better than most of its rivals, thanks to efficiency improvements and enhanced risk segmentation.

In Asia, Fortis has profitable operations in Singapore through Keppel Insurance, in which Fortis has a 40% stake.



Fortis Insurance

The Management Committee of Fortis Insurance consists of:

Henjo Hielkema	Chairman
Co van Angelen	CEO AMEV Nederland
Kerry Clayton	CEO Fortis, Inc. (from 1 April 2000)
Allen Freedman	CEO Fortis, Inc. (until 1 April 2000)
Robert van der Meer	Investments
Jozef De Mey	CEO Fortis AG
Kees Rutten	Development of best practices
Georges Valckenaere	CEO Fortis International

For a complete list of the Board of Directors of Fortis Insurance, see page 83.



"The introduction of a new brand name and a new house style is no small matter. The 'Fortis Bank Rebranding Project' launched in July 1999 showed what can be achieved with unflagging effort and teamwork. Employees are already comfortable with the new name, and since 21 March 2000 the Fortis Bank name has been displayed on our buildings too. We are proud to have created a strong brand name so soon after the merger, one which confidently takes the place of the five strong brands of which it is born. Fortis Bank is a new bank for a new age."

Integration of Fortis Bank



*Eddy Declerck,
Global Rebranding manager,
Fortis Bank*

In its domestic market, the Benelux region, Fortis Bank offers integrated financial services to individuals, enterprises and institutional customers via its own distribution networks: bank branches, self-bank offices and electronic banking.

Fortis Bank

Fortis Bank is market leader with a market share of over 20%. In other European countries and elsewhere in the world, Fortis Bank is active in niche markets in which it can achieve a leadership position.

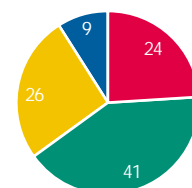
One of the activities with which Fortis Bank differentiates itself from its rivals is bancassurance: the sale of Fortis insurance products through the company's own bank branches or through third parties on an exclusive basis. These products are principally targeted at the retail market. Fortis Bank is the Benelux market leader in individual life. Bancassurance also supplies products for small and medium-sized enterprises and other customers of the banking network. With the takeover of Generale Bank, sales of insurance products via the banking channel have been substantially expanded, enabling Fortis to further strengthen its position in the Belgian bancassurance market. As far as the distribution of insurance products is concerned, the branches follow the example of ASLK-CGER, which was already the Belgian market leader for bancassurance.

Name changes

The name Fortis Bank officially replaced the brand names of Generale Bank, VSB Bank and ASLK-CGER on 21 March 2000. In the field of private banking, however, Fortis has decided to retain the strong MeesPierson brand name. Theodoor Gilissen, an independent subsidiary, will also continue operations under its own name.

Banque de la Poste and Cr dit   l'Industrie-Krediet aan de Nijverheid (CI-KN) in Belgium will both retain their names because of their specific character and customer bases. In France the Banque Parisienne de Cr dit and Banque R gionale du Nord will adopt the Fortis Bank name, while the Belgium Bank in Hong Kong will follow suit in the course of 2000.

EUR 329 billion



Total assets by category year-end 1999, in %



21 March 2000
=
Fortis Bank

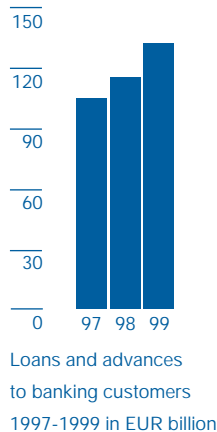
Key figures (in EUR million) ⁽¹⁾

	1999	Difference in %	1998	Difference in %	1997 pro forma
Total revenues, net of interest expenses	7,390	(3)	7,632	17	6,524
Result before taxation	1,942	2	1,906	21	1,569
Cost/income ratio (in %)	66.3		63.6		67.4
Net profit	1,185	8	1,102	35	816
Total assets	329,119	19	277,487	12	247,768
Net equity	7,402	9	6,772	31	5,153
Fund for general banking risks	1,861	9	1,706	29	1,328
Risk-bearing capital	18,472	18	15,589	17	13,356
Risk-weighted assets	145,538	19	122,551	10	110,915
Total capital ratio (in %)	10.6		10.9		10.5
Tier-1 ratio (in %)	7.6		7.7		7.0
Employees	40,782	(2)	41,462	1	41,095

⁽¹⁾ Excluding Fortis Bank Insurance

Fortis Bank has a customer-oriented, cross-border organization structure, comprising eight business lines:

- Individuals, Professionals and Small enterprises
- Medium-sized and large enterprises and the Public sector
- Private Banking
- Asset Management
- Investment Banking
- Financial Markets
- Information Banking
- Financial Institutions and Banks.



Individuals, Professionals and Small enterprises

This business line has several distribution networks of its own. It uses them to offer a comprehensive range of financial products and services geared to the specific needs of the three respective customer groups in Benelux. Individuals, Professionals and Small Enterprises is also represented in France, Poland and Hong Kong.

Economic growth and relatively low interest rates in 1999 produced strong growth in credit to individual consumers. The number of mortgages rose further, but margins narrowed because of the refinancing of many ongoing contracts. Fewer mortgages are expected to be taken out this year because of recent interest rate rises. Through the introduction of new financial products and the integration of the existing products offered by Generale Bank, ASLK-CGER and VSB Bank, the retail banking business line plans to increase its market share and to reduce the current pressure on margins. The successful launch in 1999 of the investment-linked savings product 'Easy Fund Plan', which combines the strengths of ASLK-CGER's Fund Plan and Generale Bank's Easy Future Plan, has shown this approach to be fruitful. The Easy Fund Plan is the first product to be launched under the Fortis brand and the first to be the subject of a common Fortis Bank campaign. The launch of the successful Generale Bank product 'Global Club Account' at other Fortis companies is another example of the integration of existing products. The 'Global Club' formula combines banking facilities with a varied range of non-banking services. The basic principle when developing new products has been that the product line has to cover the customer's entire life cycle, so as to strengthen the bank's relationship with that customer over the long term. The business line will focus its customer acquisition activities on the younger end of the market.

Electronic banking services grew strongly

Electronic banking services grew strongly in 1999. Fortis offers its customers a variety of ways of performing bank transactions electronically or by phone. Additional investment will be made in this area in the years to come. With new products and services like this, Fortis is anticipating the rise of Internet banking, which is expected to take off strongly. Apart from investing in alternative forms of distribution, Fortis is also developing new branch concepts. The existing branch network in the Netherlands and Belgium is being streamlined. The focus at Fortis branches will be increasingly on the provision of advice to specific customer groups and on improving the effectiveness of sales activities. A sales programme was introduced to this end in 1999 to offer tailor-made solutions to individual customers. A tracking system has also been developed to allow Fortis to respond quickly to customer reactions to the new approach.

Medium-sized and large enterprises and the Public sector

This business line offers its customers a complete package of tailor-made and flexible solutions. Account managers and corporate officers are responsible for customer contacts. The business line pursues a specific approach to each of its target groups.

Medium-sized Benelux-based companies are served by a network of regional business centres. The proximity to their customers ensures optimum service. The business line has 61 centres for corporate banking in Benelux – 34 in Belgium and 27 in the Netherlands. The network was expanded in 1999 by the addition of centres in Paris, Lyon, Leeds, Padua, Bologna and Hong Kong. By 2005, the business line aims to have more than 30 centres outside Benelux. It expects this expansion to bring about a sharp increase in the number of customers and activities in Europe. This growth strategy is the response to continuing European economic integration and increasing corporate globalization.

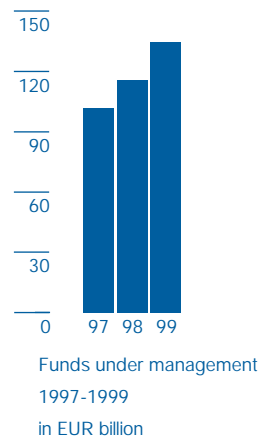
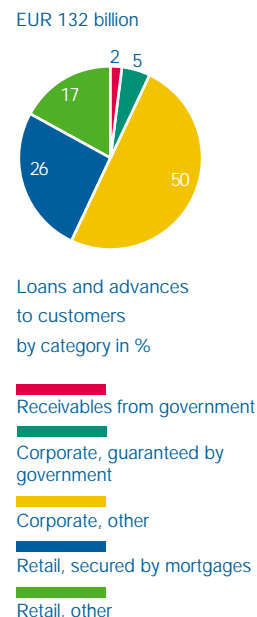
Within the large enterprise segment, the business line concentrates on a number of sectors in which it can call on special expertise. An international network, represented at 40 locations, monitors companies active in these sectors. The network is managed from Brussels and Rotterdam.

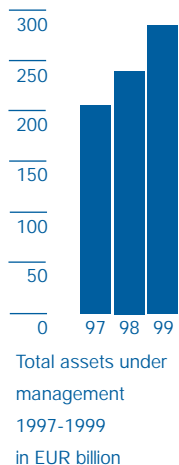
Medium-sized and large enterprises can also call on specific expertise centres for export and project finance, acquisition and debt finance, securitization, cash management and documentary credits. Know-how for the public and the healthcare sectors has been brought together at two centres – one in Belgium and one in the Netherlands. Fortis Bank is concentrating increasingly on providing services with a high added value. 'Fortis Bank International Services', which the business line launched in 1999, reflect this policy. They offer customers a solution with a high added value for cross-border payments and international cash management. A framework has also been created to facilitate the securitization and marketability of trade debts and other assets. Fortis Bank is also focusing on the development of electronic distribution channels to meet customers' online banking needs. Initiatives of this kind strengthen the business line's position in a market in which margins are under pressure. Fortis has taken over the remaining share capital of Belgo-Factors, making it the sole owner of that business. This will enable Fortis to integrate its various factoring companies, which will then be able to play a significant role at European level. Fortis has also raised its stake in Poland's Pierwszy Polsko-Amerikanski Bank to nearly 100%.

Private Banking

Private Banking's core businesses are investment, structuring and financing. This internationally integrated business line focuses on wealthy individuals, director-majority shareholders, foundations and other private institutions. Private banking operations, which are carried out under the MeesPierson name, are organized around a network of onshore and offshore branches, ensuring a presence in the world's leading financial centres. The most important European branches are in Benelux, France, Spain, Switzerland and Guernsey. Fortis strengthened its private banking activities in early 2000 by increasing its stake in Banque Générale du Luxembourg.

Fortis manages private banking assets of EUR 59 billion, putting it among the top ten largest private banks in Europe. Private asset management is a rapidly growing activity. The desire of customers in an ever more complex market to entrust the management of their assets to professionals resulted in a strong increase in discretionary asset management contracts in 1999. Private Banking launched a Private Portfolio Advice service in 1999. This is a contract setting out the arrangements according to which the bank supplies the individual customer with tailor-made products and services designed to generate an optimum return on the customer's assets. The Internet application 'Personal Investment Informer' enables customers to check their securities portfolio whenever they want and to access up-to-date research data.





The 'Private Wealth Management' campaign was launched at the beginning of 2000. Its purpose is to make it plain that MeesPierson differs from its rivals in the way it handles private wealth. KBW Wesselius Effectenbank, which enjoys a strong position in the asset management market and in the provision of advice to private customers, has a special place within the Private Banking division. Private banking operations in Spain will be further developed under the name Bèta Capital MeesPierson following the group's acquisition of the remaining 70% of Bèta Capital's shares. The international network of trust companies was further expanded in 1999 by the establishment of a representative office in Copenhagen. Asset management operations geared to the entertainment business have been given autonomous status as Fintage House, which has branches in Leiden and Budapest. Outside Europe, MeesPierson has a presence in Hong Kong and Singapore, the Cayman Islands, the Bahamas, Aruba and Curaçao. A representative office was opened in Chile in early 2000.

Asset Management

The integration of Fortis and Generale Bank's asset management businesses has resulted in the foundation of Fortis Investment Management (FIM). FIM offers a wide variety of investment funds and manages assets for institutional investors. The business line also manages most of the insurance group's assets. FIM is active at a number of locations around the world and has a strong brand name, especially in the European market. FIM manages EUR 50 billion in investment funds.

The positive development of the financial markets in 1999 led to a sharp rise in the volume of managed funds. Integration has broadened FIM's investment expertise and has enabled the business line to focus on alternative investments and sector-based research. It has also led to a wider and more streamlined package of funds under the new Fortis name. Fortis is one of Europe's top ten asset managers. Its strategic goal is to double the volume of managed assets over the next five years. Strongest growth is expected to come from operations with third parties, outside the Fortis network. To achieve this goal in a market that is subject to intense and accelerating cross-border competition, FIM is pursuing a three-fold strategy. In its domestic market – Benelux and France – it is focusing on increasing its market share by further improving service provision, enhancing results and responding to developments in the pension field. In Italy, Spain, the rest of Europe and Asia FIM is looking for strategic alliances, either on its own or in conjunction with other Fortis business units. In the United States, finally, strategy is geared to organic growth, strengthening specialist competencies and extending the customer base. FIM has opted for a local presence, with research and investment expertise concentrated in Brussels, Hong Kong, Boston and Paris. The European Investment Centre in Brussels is now in operation. This combined approach improved the quality of service and reduced cost levels in 1999.

Investment Banking

This business line advises on mergers, acquisitions and initial public share offerings. It also performs capital market transactions and provides financial advisory services. Market developments in 1999 created a positive climate for share issues. Investment Banking completed a large number of capital market transactions, including the initial public share offering for UPC in the Netherlands in February and the subsequent issue in November, the Fortis share issues in January and July, the Agfa IPO in June and that of OpenTV. Other notable transactions involved Cockerill and Tractebel in Belgium. The business line's M&A consultancy contracts included the sale of Applicare Medical Imaging to GE Medical Systems and the merger of PNEM-Mega Group with Edon.

Fortis is one of
Europe's top ten
asset managers



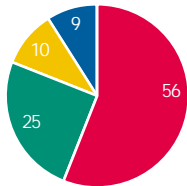
Private Banking to be Art of Wealth

"In 1999 the Fortis private bank MeesPierson introduced Private Wealth Management, a new concept which illustrates that there are many ways to view wealth. The concept is geared to today's customers who are looking for more creative wealth management, with more active investment instead of just sitting back and expecting income to roll in. The company has set up special teams which combine MeesPierson's expertise in the fields of investment, structuring and finance for specific target groups. These teams help individual customers to choose from different tailor-made programmes for integrated wealth management."

*Pim Mol,
managing director
MeesPierson
Private Wealth Management
(Netherlands)*



EUR 7,390 billion



Total revenues,
net of interest expense
by category in %

Net interest income

Commissions and fees

Results from financial transactions

Other revenues

It is among the Benelux market leaders in terms of both the number and volume of transactions. The professional press cited Investment Banking as 'one of the big winners' in Benelux in 1999.

Fortis' acquisitions in 1999 included that of the French securities brokerage Meeschaert-Rouselle, in which it had previously owned a minority interest. Euromoney described the business line as the 'number one institution' for research into Dutch equities, thus confirming its excellent reputation. The research department is organized according to sector and published a number of European reports in 1999. To enable it to provide the best possible service to institutional customers around the world, the bank plans to coordinate its sectoral research capacity at European level by drawing on its local expertise in Benelux, France and Spain.

Financial Markets

Financial Markets specializes in currency trading, market making and fixed-income securities. The business line concentrates on professional customers and institutional investors, although medium-sized and large enterprises also belong to its target group. Financial Markets is an important European player with a leading position in Benelux. In 1999, it integrated its dealing rooms in Brussels, Rotterdam and Amsterdam. The business line also has dealing rooms in Hong Kong and New York. Fortis Bank oversaw the issue of a sizeable Belgian government loan stock in 1999. Financial Markets is an important player in the eurobond markets as well, placing over EUR 2 billion, and is number one in the trade in Northern European currencies. European investors shifted their focus in 1999 from national to European investments. Demand for new investment products rose as a consequence. Financial Markets responded to this demand with innovative, equity-related derivative products like Knock-in Reversed Convertibles, Callable Notes and Discount Rights.

Information Banking

Fortis has combined its custody, derivatives, clearing, securities borrowing and lending, fund service and prime banking activities in Information Banking. This specialist business line is targeted primarily at financial professionals – pension funds, insurers, asset managers, investment funds and traders with international portfolios. International banks and brokers use Information Banking as a local custodian for their Benelux investments.

Information Banking provides services in three fields. The administrative processing of all possible capital and money market transactions is the first. The second comprises support for issues of financial logistics and risk management. The third field, finally, relates to the financing and the borrowing and lending of securities to enhance the return on a securities portfolio. Fortis Bank is the first in Europe to offer these three services in an integrated form. The Information Banking business line is represented in important financial markets such as Amsterdam, Brussels, Luxembourg, Dublin, London, Frankfurt, Hong Kong, Sydney, the Cayman Islands, the Isle of Man, Curaçao and the Bahamas. Its workforce averaged 900 in 1999, of which around 50% were employed outside the Benelux region.

The positive development of the financial markets led to a considerable improvement in the result compared to 1998. Information Banking further developed its Prime Banking concept in 1999, and successfully launched it for customers in London. Prime Banking is a 'one-stop shop' for leveraged funds and funds of funds.

Fortis Bank has a
customer-oriented,
cross-border
organizational structure

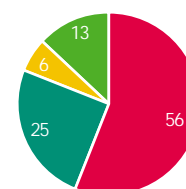
It offers the customer an integrated package of administrative and financial services. These services, which are delivered from London, are based on new software and on new risk management techniques that enable the account manager to track and to serve the customer in an optimum manner.

Information Banking has succeeded in strengthening its position in European derivatives clearing. It is number one in Amsterdam and enjoys a substantial market share in Frankfurt, London, Hong Kong and Sydney. That makes Fortis one of the most important players in clearing for independent third parties. Securities borrowing and lending benefited strongly from the favourable stock market climate in 1999 – especially in the first half – and from volume growth. It was thus able to make an excellent contribution to Fortis' results. In its capacity as global and regional custodian, Fortis processes and holds about EUR 400 billion in over 75 countries. It owes its position in the world's top ten custodians in part to the considerable improvements that have been achieved in terms of service and systems. The Global Custodian Agent Bank Review rewarded this achievement with a 'Top Rated' classification. The Fund Services Unit's offshore network, which ranks among the world top five, benefited from investment in advanced information and communication technology within the business line. This network, too, was 'Top Rated' last year.

Financial Institutions and Banks

The business line Financial Institutions and Banks manages relations with 2,500 banks and financial institutions around the world. It provides credit facilities for bankers and supplies banks with financial services, in close cooperation with the other Fortis Bank business lines. These services include custody, clearing, asset management and logistical services. The business line is also responsible for monitoring country risks for the entire banking group. The corresponding banking departments of Generale Bank, ASLK-CGER and MeesPierson were integrated in Financial Institutions and Banks in the course of 1999. This means that worldwide account management for banks is now carried out centrally. In the space of one year, this business line has developed into one of the leading players in the field of euro clearing.

40,782



Employees in 1999
by region in %

Belgium
The Netherlands
Luxembourg
Rest of the world

Fortis Bank

The Management Committee of Fortis Bank consists of:

Herman Verwilst	Chairman
Karel De Boeck	Medium-sized and large enterprises and the Public sector
Chris van Boetzelaer	Private Banking
Jean-Pierre Cardinael	IT, Organization, Facility Management, Security & Safety
Filip Dierckx	Investment Banking, Financial Markets
Rosa Van Elegem	Human Resources
Patrick Evrard	Individuals, Professionals and Small enterprises
Erik van de Merwe	Finance & Control, Legal Affairs, Tax Affairs, Risk Management - ALM
Johan Tack	Asset Management, Credits
Jean-Jacques Verdickt	Financial Institutions and Banks, Information Banking
Alain Georges	Intended appointment 27 April 2000
Sjoerd van Keulen	Intended appointment 27 April 2000

For a complete list of the Board of Directors of Fortis Bank, see page 83.

Virtually all of Fortis' banking and insurance operations are subject to risks of some kind. The chief examples are market, credit, liquidity, operational and legal risk. Insurance activities are also subject to specific risks.

Risk management

The various risks are described below.

- Market risk arises from potential changes in the value of financial instruments in response to price fluctuations in the financial markets in which Fortis is active.
- Credit risk reflects the danger that a counterparty will prove unable to meet its contractual obligations towards Fortis in respect of loans or other financial transactions.
- Liquidity risk concerns the possibility that Fortis' creditors will demand immediate reimbursement of liquidities, obliging the company to borrow additional funds or to sell assets.
- Insurance risk is the danger that benefits to be paid to Fortis' policyholders will turn out higher than forecast. This occurs when premium income or technical provisions are too low to cover future claims and payments.
- Operational risks take in a wide range of factors inherent in the day-to-day operations of virtually every company. The internal focus within a financial services company is on the accuracy and continuity of operations (key-person issues, equipment malfunctions, anti-fraud protection), while externally it has to contend with contractual and non-contractual liabilities and protecting information and value.
- Legal risks include the potentially adverse impact of legislative changes and the risk that it will no longer be possible to require counterparties to honour existing contractual arrangements.

Fortis' risk management activities are designed to pursue an optimum balance between risk and return. They are carried out on a decentralized basis. Fortis Bank and Fortis Insurance are each responsible for their own activities in this field. Risk management principles, objectives, policy, control procedures and evaluation and other systems are, however, a central group responsibility. Group Audit and the audit departments monitor risk management at local level.

Risk management procedures will undergo further integration. An Investment & ALM Policy Office (IAPO) has been set up at group level within Fortis Insurance. The IAPO's job is to work with the operating companies to increase standardization and to facilitate the consolidation of risk management information. Fortis Bank's Asset & Liability Committee (ALCO) establishes the risk parameters for the bank's business lines and monitors compliance. The Central Risk Management department (CRM) at Fortis Bank is responsible for day-to-day checks. The Group Reporting & Risk Monitoring department (GRRM) consolidates the information produced by Fortis Insurance and Fortis Bank.

Fortis Insurance

Organization

Responsibility for risk management at Fortis Insurance lies with the individual operating companies, as these are located closest to the source of the various risks. Fortis Insurance is developing common principles, procedures and standards in order to gain an insight into the insurance group's worldwide risk exposure. The risk data are then consolidated at a higher level within the group.

Insurance risks

Fortis' actuarial departments regularly assess the adequacy of premium rates and technical provisions. This, combined with low interest rates, led in 1999 to a reduction in the guarantees for traditional life insurance products within the EMU. In order to lower its insurance risk, Fortis also uses reinsurance contracts, especially for non-life policies. Reinsurance companies are selected by criteria relating to solvency and reliability and, to a lesser extent, the spread of risk over several counterparties. Fortis Reinsurance was set up recently to coordinate ceded reinsurance, so that the benefits of spreading risk across different industries and geographical regions are felt throughout the entire group.

Market risk

Market risk relates mainly to the insurances in the investment portfolio and is caused by shifts in financial asset and real estate values. Fortis Insurance reduces the potential negative impact of market fluctuations by carefully considering forecast payments to policyholders when selecting investments. This means that for many life insurance products with a savings element, it is necessary to determine the influence of shifts in the financial markets on benefits paid to policyholders. Within Fortis, the actuarial, investment and ALM departments work together to model the influence of market conditions on investments and insurance products, to allow the best possible investment strategy to be selected. The tools that Fortis Insurance uses to monitor market risk include simulation models, scenario analyses and stress testing. The potential impact of shifts in interest rates, share prices and real estate prices on solvency, earnings and embedded value is calculated regularly. Fortis Insurance uses derivatives to limit its market risk while simultaneously minimizing its transaction costs and tax liabilities.

Fortis Insurance has estimated the sensitivity of result before taxation to parallel shifts in the yield curve of 100 basis points up or down. The sensitivity analysis indicates that if interest rates rise by 100 basis points, the pre-tax result would rise by 1.2% relative to the base scenario. If interest rates fall by 100 basis points, the pre-tax result would fall by 1.3%.

Regarding the sensitivity to shares and real estate within the insurance sector, the sensitivity tests show the following: a 10% decline in the price of shares held in the insurance sector investment portfolios would reduce net equity in the sector by 12%. A similar decline in real estate prices would reduce insurance sector net equity by 2%.

Credit risk

Fortis Insurance minimizes its credit risk by diversification, by limiting the amount that can be invested in any one business and by applying creditworthiness criteria to Fortis' investments in the public and private sectors. A substantial proportion of Fortis' Benelux insurance portfolio is invested in fixed-income securities that are guaranteed directly or indirectly by a sovereign state.

Liquidity risk

Because of the importance of the capital markets as a potential source of finance, liquidity risk is closely linked to solvency and creditors' confidence in Fortis' ability to meet its commitments. Fortis uses stress tests and other 'what if' analyses to monitor the solvency of the insurance sector.

Operational risk

Fortis Insurance uses internal control systems to manage operational risks. An insurance policy gives rise to a large number of transactions spread over a prolonged period of time. For that reason, the internal control system to deal with these complex information flows has been developed extremely carefully, to ensure that the policy is correctly managed throughout its duration. The internal audit department permanently monitors the proper functioning of these internal control systems.

Legal risk

Fortis' legal departments assess the contracts and monitor developments in the legislative and regulatory fields. In response, for instance, to possible changes in Dutch tax law, existing insurance products have been subjected to critical scrutiny and new products have been developed.

Fortis Bank

Organization

The Board of Directors establishes Fortis Bank's risk policy. The Board fixes objectives and global guidelines for risk management, determining, for instance, what level of risk is acceptable. The Management Committee is responsible for implementing risk management. The committee can, while retaining responsibility, delegate certain tasks to the Risk Acceptance Committees, of which it nominates the members. At the end of 1999, Fortis Bank had the following Risk Acceptance Committees: the Asset and Liability Committee (ALCO), which sets out the guidelines for balance sheet management; the Central Credit Committee (CCC), which approves individual counterparty risks, including country limits and bank position limits. In addition to these Risk Acceptance Committees, the Management Committee has charged Central Risk Management (CRM) with supporting, monitoring and evaluating the risks taken by the business lines. The aim is to ensure that risk management is properly attuned to the company's overall strategic objectives. Risk management at Fortis Bank subsidiaries is largely determined by the local risk managers, who report to the central ALCO (and also, in functional terms, to CRM). Risk management reporting and control are separate from the commercial business units.

Market risk

Market risk arising from trading activities

The chief market risks to which Fortis Bank is exposed are interest rate, currency and share price risks. Fortis Bank uses qualitative controls to monitor these risks, allied with intensive use of quantitative models based on sensitivity and probability analyses. There is daily Value At Risk (VAR) reporting based on an adapted form of two methods – the variance/covariance model and the historical simulation model. Back tests are regularly performed on the VAR method used, supplemented by stress tests. In 1999 the average VAR of Fortis Bank's trading portfolio was EUR 7.2 million.

*Marc Smits,
project leader
International Corporate
Banking,
Fortis Bank*



Business centres also outside Benelux now

"In line with its strategy of building a European and, ultimately, worldwide network of business centres, in 1999 Fortis Bank further expanded its activities outside the Benelux region. Cross-border implementation teams opened a total of ten new centres in France, Italy and Hong Kong. At these centres, account managers from various countries provide businesses with uniform international service within the context of local practice. The main idea here is 'Act as one'."



Non-trading-related market risk: structural position

Fortis Bank is also exposed to interest rate and share price risk via its non-trading portfolio. As is the case with the trading portfolio, the primary market risk relates to potential movements in interest rates. To monitor and control this risk, Fortis Bank uses risk indicators based on value calculations and risk indicators based on profit calculations. The first group of indicators includes basis point sensitivity, VAR and the duration of the net equity. Basis point sensitivity is used to calculate how strongly the market value of all assets and liabilities will change if each point on the interest swap curve is individually raised or lowered by one basis point. The VAR model for the bank's structural position is used to calculate the potential shift in market value resulting from a shift in interest rates, based on the historical volatility of interest rates, a holding period of two months and a reliability interval of 95%. The duration of the net equity serves as a general measure of interest rate risk. The duration and real value of all products is calculated from the cash flow (redemption and interest). The duration of the net equity is such that the duration of the sum of the assets is equal to that of the sum of the liabilities, including net equity.

The risk indicator based on earnings calculation simulates the impact of an interest rate movement on future earnings. Using a central interest rate scenario and four other standard interest rate scenarios (parallel shift + 100 bp, parallel shift - 100 bp, steeper yield curve: short - 100 bp/long + 100 bp or a flatter yield curve: short + 100 bp/long - 100 bp), the interest result (including volume impacts) for each scenario is calculated for the next three years. The sensitivity of profit to shifts in interest rate levels consists of the differences between the best and the worst interest results calculated as above compared to the interest rate result according to the central scenario. This difference was 7.2% at 1999 year-end.

Credit risk

From an economic point of view, Fortis Bank distinguishes between credit risks relating to the private sector, those relating to the public sector and those relating to banks.

	As at 31 December 1999 (in EUR billion)
Balance sheet risk:	
Credit risk relating to the private sector	149.3
Credit risk relating to the public sector	63.3
Credit risk relating to banks	90.0
Off-balance sheet ⁽¹⁾	33.0

⁽¹⁾ This item consists of conditional commitments as reported in Fortis Bank's annual accounts, less provisions and assets provided as collateral to third parties. This does not include financial instruments

Credit risk relating to the private sector by customer segment

The table below shows Fortis Bank's credit risk relating to the private sector (EUR 149.3 billion in 1999).

	As at 31 December 1999 (in EUR billion)
SMEs	30.4
Enterprises	32.9
Individuals	40.3
Other	45.7
Total	149.3

Credit risk relating to the private sector by industry

The table below shows Fortis Bank's consolidated credit risk relating to the private sector as at 31 December 1999, broken down by industry. These figures do not include any value adjustments.

	As at 31 December 1999 (in EUR billion)
Agriculture, forestry and fishing	1.4
Energy and water	4.3
Mining and minerals	1.8
Chemicals and plastics	3.0
Metallurgy	3.1
Other industry	7.9
Construction and mechanical engineering	4.8
Trade, hotels and catering	13.2
Transport and communication	5.7
Real estate	2.8
Financial services and insurance	22.7
Other services	36.5
Unclassified ⁽¹⁾	42.1
Total	149.3

Credit portfolio rating

Fortis Bank uses a variety of instruments to monitor the credit risk to which its credit portfolio is exposed. A new system was developed in 1999 based on statistical analysis and Expected Default Frequency (EDF). Credit decisions have to be approved at various levels within Fortis Bank, depending on the sums and type of credit involved. There are independent departments involved with risk assessment at each decision-making level. Specialist departments are referred to in the case of activities like project finance and structured finance. There is also an 'early warning system' for all loans. Credit risks arising from derivative activities, capital market operations and transactions with financial institutions are monitored via an online Risk Exposure Management system. The credit risk arising from transactions of this kind has to remain within specified limits, and daily checks are performed to ensure that this is the case. Total exposure is reported to central risk management every week through the EDF system. Fortis Bank uses a market valuation method (mark to market) to determine the credit risk associated with derivative positions. Management sets out to limit credit risk wherever possible by entering into netting agreements and by requiring collateral to cover customers' liabilities.

⁽¹⁾ Consists primarily of consumer credits

Derivatives portfolio risk

Fortis Bank participates in various kinds of derivatives transactions as part of its normal commercial operations, primarily in the interest rate, currency and equity markets. These transactions serve to cover or to reduce the risk within the balance sheet arising from Fortis Bank's operations, including extension of credit and securities investments. Fortis Bank also completes derivatives transactions as part of its trading activities, to take, cover or adjust active positions and as a service to customers. Counterparties in derivatives transactions are generally banks or other financial institutions.

Fortis Bank's derivatives position as at 31 December 1999 is set out below, broken down according to the type of contract.

	As at 31 December 1999 (in EUR billion)
Currency transactions ⁽¹⁾	
Forward currency transactions	90.5
Currency and interest rate swaps	11.0
Currency options	11.1
Total	112.6
Other financial instruments ⁽²⁾	
Interest rate swaps	348.2
Interest rate futures	6.6
Forward interest rate contracts	80.3
Interest rate options	83.6
Total	518.7
Other forward purchases and sales ⁽³⁾	35.1
Total	666.4

Country risk

Fortis Bank manages country risk from both a commercial and a geographical point of view. Commercial exposure to a particular country arises from all the transactions that Fortis Bank has performed in the relevant country with a local counterparty, the parent company of which is also a local entity, or a foreign entity with a local entity as its parent company. Geographical exposure to a particular country relates to all the transactions performed in that country with a local counterparty, irrespective of whether the parent company is a local or a foreign entity, by companies belonging to Fortis Bank that are not based in that country. The Management Committee decides the maximum level of commercial and geographical exposure that is permitted with regard to individual countries.

⁽¹⁾ Amounts to be delivered

⁽²⁾ Notional reference amounts

⁽³⁾ Agreed purchase/sale prices

The table below shows the consolidated book value of Fortis Bank's country risk by geographical region as at 31 December 1999.

	As at 31 December 1999 (in EUR billion)
European Union, excluding Benelux	85.0
Other Western Europe	3.8
Other industrialized nations	19.6
Eastern Europe	0.8
Latin America	1.8
Asia (excluding Japan)	3.5
Other	1.7
Total	116.2

Liquidity risk

Fortis Bank manages its liquidity risk in such a way that it is able to meet customer demand, redemption commitments and capital requirements even under adverse market conditions.

Operational risk

Fortis Bank monitors operational risks both centrally and at subsidiary level, by means of methodologies, regulations and recommendations. The different business lines and countries remain responsible for the operational risks. Only those risks that cross business lines are dealt with centrally. The goal in the longer term is to handle all operational risks in an economically equivalent manner. The priority, however, is to investigate the continuity plans of each unit around the world. At the same time, the existing own-risk insurance programmes are being adjusted internationally. Risk in the field of e-commerce is also being monitored very closely. The internal audit department is closely monitoring Fortis Bank's ongoing development of its operational risk management.

Legal risk

The legal risk applies primarily to derivatives, as legislation in this area is relatively recent and is in some respects incomplete. Fortis Bank monitors this risk by ensuring that transactions are correctly approved and by submitting new or unusual transactions for assessment by its legal advisors.

Brussels/Utrecht, 23 March 2000

Executive Committee

J.L.M. Bartelds

Count M. Lippens

H.J. Hielkema

H. Verwilt

B.J.H.S. Feilzer

G. Mittler

*Marga Zandvliet-van Agthoven,
consultant Information Management
and Administrative Organization,
Fortis Bank*



Millennium



"Among my duties as a member of one of the Fortis millennium working groups was to test whether cash dispensers would function properly after the millennium change-over. We wanted to make sure that our customers could perform transactions problem-free, even in the event of a disaster. So we listed the processes which would inconvenience customers the most were they to break down, and prepared contingency and transition scenarios. In the end, we did not need to use the contingency scenario because the year rolled over smoothly. But we did use the know-how we collected from different departments to create a solid foundation for a disaster manual."

Financial review

Consolidated balance sheet before profit appropriation

in EUR million

	31-12-1999	31-12-1998	31-12-1997 <i>pro forma</i>
Assets			
Cash	3,660	3,675	1,228
Trading securities	9,899	7,112	5,733
Investments	127,382	115,096	97,459
Loans and advances to credit institutions	81,970	58,098	55,502
Loans and advances to customers	139,422	122,213	112,259
Reinsurers' share of technical provisions	4,232	2,107	1,881
Deferred acquisition costs	2,081	1,333	1,204
Prepayments and accrued income	13,157	10,883	10,264
Investments on behalf of policyholders	16,210	11,201	8,185
Other assets	8,096	8,544	6,809
Total assets	406,109	340,262	300,524
Liabilities, minority interest and net equity			
Liabilities:			
Amounts owed to credit institutions	116,992	81,114	63,600
Amounts owed to customers	134,963	125,164	121,785
Debt certificates	35,943	36,456	36,867
Technical provisions	44,613	37,055	32,657
Liability related to investments on behalf of policyholders	15,824	10,913	7,900
Accruals and deferred income	12,236	9,783	8,348
Other liabilities	19,524	18,805	11,752
Convertible notes	1,256	681	-
Subordinated liabilities	6,906	6,294	5,732
Total liabilities	388,257	326,265	288,641
Fund for General Banking Risks	1,861	1,706	1,328
Minority interest	2,483	1,026	1,570
Net equity:			
- Capital	398	366	349
- Share premium reserve	13,100	11,557	10,570
- Revaluation reserve	3,931	3,331	2,819
- Goodwill	(13,035)	(11,107)	(10,208)
- Other reserves	9,114	7,118	5,455
Total net equity	13,508	11,265	8,985
Group equity	15,991	12,291	10,555
Total liabilities, minority interest and net equity	406,109	340,262	300,524

Consolidated profit and loss account

	1999	1998	1997 <i>pro forma</i>
Revenues			
Insurance premiums	12,527	9,981	8,317
Interest income	20,822	19,747	19,178
Commissions and fees	1,832	1,660	1,361
Results from financial transactions	3,085	2,789	1,750
Other revenues	2,665	1,943	1,689
	<hr/>	<hr/>	<hr/>
Total revenues	40,931	36,120	32,295
Interest expense	(14,706)	(13,944)	(13,510)
	<hr/>	<hr/>	<hr/>
Total revenues, net of interest expense	26,225	22,176	18,785
Policy benefits and claims	(13,797)	(10,834)	(8,867)
Value adjustments on receivables	(547)	(872)	(557)
	<hr/>	<hr/>	<hr/>
Net revenues	11,881	10,470	9,361
Operating expenses	(8,489)	(7,863)	(7,144)
	<hr/>	<hr/>	<hr/>
Result before taxation	3,392	2,607	2,217
Taxation	(893)	(778)	(655)
	<hr/>	<hr/>	<hr/>
Group profit	2,499	1,829	1,562
Minority interest	183	169	282
	<hr/>	<hr/>	<hr/>
Net profit before extraordinary result	2,316	1,660	1,280
Extraordinary result, net		202	
	<hr/>	<hr/>	<hr/>
Net profit	2,316	1,862	1,280

Consolidated statement of cash flows

	31 December 1999	31 December 1998
Cash flows from operating activities:		
Net profit	2,316	1,862
Adjustment to reconcile net profit to net cash provided by operating activities:		
- Minority interest	183	170
- Value adjustments on receivables	547	872
- Value adjustments on real estate	46	21
- Depreciation, amortization and accretion	1,583	1,092
- Foreign exchange gains (losses) on debt securities	(1,549)	(478)
- Gains realized on sale of investment securities	(1,098)	(1,386)
- Gains realized on sale of real estate	(52)	(30)
- Unrealized gains/losses on trading portfolio	(77)	(155)
- Other	77	171
Net change in operating assets and liabilities, excluding effects of acquisitions:		
- Trading securities	(2,710)	(1,223)
- Deferred acquisition costs	(966)	(570)
- Prepayment and accrued income	(2,332)	(628)
- Investments on behalf of policyholders	(3,112)	(2,456)
- Other assets	(376)	(1,761)
- Technical provisions	4,652	5,643
- Accruals and deferred income	2,569	1,575
- Liabilities related to investments on behalf of policyholders	1,213	381
- Other liabilities	1,629	5,528
Net cash provided by operating activities	2,543	8,628
Cash flows from investing activities:		
Purchase of investment securities	(106,387)	(77,337)
Proceeds from sale/maturities of investment securities	99,555	63,772
Net increase in loans and advances to credit institutions	(23,591)	(2,600)
Net increase in loans and advances to customers	(17,275)	(10,563)
Payment of purchase of business, net of cash acquired	(3,878)	(405)
Net purchase of tangible fixed assets and intangible assets	(454)	(470)
Net cash used in investing activities	(52,030)	(27,603)
Cash flows from financing activities:		
Change in amounts owed to credit institutions	35,877	17,514
Change in amounts owed to customers	9,799	3,380
Change in debt certificates	(603)	(396)
Change in convertible notes	575	681
Change in subordinated liabilities	584	572
Capital issued by Fortis (B) and Fortis (NL)	2,436	76
Capital contribution from other parties	1,290	64
Dividends paid	(610)	(358)
Net cash provided by financing activities	49,348	21,533
Net increase (decrease) in cash	(139)	2,558
Cash at beginning of the year	3,675	1,228
Effect of exchange rate changes on cash	124	(111)
Cash at end of the year	3,660	3,675
Interest paid	14,486	12,060
Income taxes paid	653	982

General notes

Consolidated equity roll-forward

Net equity at 31 December 1998	10,347
Impact changes in accounting principles	918
Net equity at 31 December 1998	11,265
Issue of shares by Fortis	1,708
Goodwill	(1,927)
Net profit	2,316
Dividend	(681)
Revaluation of investments	1,295
Reversal of revaluations on sale of investments	(524)
Taxation	(119)
Exchange differences	227
Other changes in net equity	(52)
Net equity at 31 December 1999	13,508

An explanation of the changes in the accounting principles is included on page 74.

The table below shows the changes in the equity of Fortis (B) and Fortis (NL) in 1999:

	Capital	Share premium reserve	Revaluation reserve	Goodwill	Other reserves	Total net equity
Fortis (B)						
<i>Balance at 31 December 1998</i>	270	10,189	1,490	(7,098)	2,376	7,227
Issue of shares	18	(5)				13
Net profit for the year					1,447	1,447
Dividends					(437)	(437)
Revaluation of investments, net			384			384
Goodwill				(1,236)		(1,236)
Exchange differences					147	147
Other changes in equity					687	687
Balance at 31 December 1999	288	10,184	1,874	(8,334)	4,220	8,232
Fortis (NL)						
<i>Balance at 31 December 1998</i>	96	1,368	1,841	(4,009)	4,742	4,038
Issue of shares	14	1,548			133	1,695
Net profit for the year					869	869
Dividends					(244)	(244)
Revaluation of investments, net			216			216
Goodwill				(691)		(691)
Exchange differences					80	80
Other changes in equity					(687)	(687)
Balance at 31 December 1999	110	2,916	2,057	(4,700)	4,893	5,276

Other changes in equity includes the consequences of the equalization agreement.

This concerns the adjustments in connection with the economic interests of Fortis (B) and Fortis (NL) in the group.

Net equity by sector at year-end

	1999			1998		
	Group Equity	Minority interests	Net equity	Group equity	Minority interests	Net equity
Insurance	9,204	740	8,464	7,383	36	7,347
Banking	9,145	1,743	7,402	7,762	990	6,772
General	(2,358)		(2,358)	(2,854)		(2,854)
Total	15,991	2,483	13,508	12,291	1,026	11,265

The increase in Minority interests is caused by the issue of two hybrid financing instruments.

Solvency

The solvency position at 31 December 1999 is:

	Floor	Cap
Net core capital	17,852	17,852
Solvency	13,678	17,253
Surplus (deficit) over Solvency Floor/Cap	4,174	599
Core capital as multiple of Floor/Cap	1.31	1.03

Net profit by sector before extraordinary result

	1999			1998		
	Group profit	Minority interests	Net profit	Group profit	Minority interests	Net profit
Insurance						
- Life insurance	1,065	36	1,029	762	38	724
- Non-life insurance	261	1	260	2	2	
Banking	1,331	146	1,185	1,231	129	1,102
General	(158)		(158)	(166)		(166)
Total	2,499	183	2,316	1,829	169	1,660

Employees by region

	Insurance			Banking		Total
	1999	1998	1999	1998	1999	1998
Belgium	4,141	3,952	22,901	23,753	27,042	27,705
The Netherlands	3,255	3,377	10,038	10,239	13,293	13,616
Luxembourg	71	51	2,398	2,756	2,469	2,807
Benelux	7,467	7,380	35,337	36,748	42,804	44,128
United States	9,622	7,594	117	55	9,739	7,649
Rest of the world	3,108	2,930	5,328	4,659	8,436	7,589
Subtotal	20,197	17,904	40,782	41,462	60,979	59,366
General					130	115
Total					61,109	59,481

Notes insurance

Profit and loss account insurance

	1999	1998
Insurance premiums		
– Life	7,030	6,001
– Non-life	5,497	3,980
Interest income	2,276	2,129
Result from financial transactions	2,378	1,338
Other income	1,929	1,356
	<hr/>	<hr/>
Total revenue	19,110	14,804
	<hr/>	<hr/>
Total revenue	(201)	(141)
	<hr/>	<hr/>
Total revenue, net of interest expense	18,909	14,663
	<hr/>	<hr/>
Policy benefits and claims	(13,797)	(10,834)
	<hr/>	<hr/>
Net revenues	5,112	3,829
Operating expenses:		
- Acquisition costs	(2,220)	(1,479)
- Administrative expenses	(1,435)	(1,188)
- Reinsurance commission and profit participation	414	206
- Other charges	(247)	(464)
	<hr/>	<hr/>
Total operating expenses	(3,488)	2,925
	<hr/>	<hr/>
Result before taxation	1,624	904
Taxation	(298)	(140)
	<hr/>	<hr/>
Group profit	1,326	764
Minority interests	37	40
	<hr/>	<hr/>
Net profit	1,289	724 ⁽¹⁾

Summary balance sheet insurance

	1999	1998
Assets		
Investments	41,618	34,884
Loans and advances to customers	7,817	6,982
Reinsurers' share of technical provisions	4,232	2,107
Investments on behalf of policyholders	16,210	11,201
Other assets	8,610	6,051
	<hr/>	<hr/>
Total assets	78,487	61,225
Liabilities		
Technical provisions	44,613	37,055
Liability related to investments on behalf of policyholders	15,824	10,913
Other liabilities	8,846	5,874
Group equity	9,204	7,383
	<hr/>	<hr/>
Total liabilities	78,487	61,225

⁽¹⁾ Excluding extraordinary result

Premiums life insurance

	1999	1998
Individual contracts		
– Periodic premiums	1,124	1,411
– Single premiums	1,947	927
Group contracts	1,285	1,665
Credit-linked premiums	477	250
Investment-linked premiums	2,624	2,214
	<hr/>	<hr/>
Gross premiums	7,457	6,467
Annuities	333	310

Result before taxation insurance by region

	1999	1998
Belgium	724	385
The Netherlands	491	260
Luxembourg	8	5
	<hr/>	<hr/>
Benelux	1,223	650
United States	324	146
Rest of the world	77	108
	<hr/>	<hr/>
Total	1,624	904

Total revenue, net of interest expense by region

	Premiums life		Premiums non-life		Total premiums		Total revenue net of interest expense	
	1999	1998	1999	1998	1999	1998	1999	1998
Belgium	3,306	2,910	833	829	4,139	3,738	6,102	5,442
The Netherlands	1,416	1,490	593	548	2,008	2,039	3,842	3,305
Luxembourg	168	180	8	8	177	188	265	239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Benelux	4,890	4,580	1,434	1,385	6,324	5,965	10,209	8,986
United States	840	663	3,391	2,061	4,231	2,724	6,203	3,957
Rest of the world	1,300	758	672	534	1,972	1,292	2,4987	1,720
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	7,030	6,001	5,497	3,980	12,527	9,981	18,910	14,663

Premiums non-life insurance by region

	Accident and health	Motor	Fire	Other lines
<i>1999</i>				
Belgium	234	249	254	96
The Netherlands	116	195	164	118
Luxembourg			6	2
Benelux	350	444	424	216
United States	2,557			834
Rest of the world	76	409	116	71
Total	2,983	853	540	1,121
<i>1998</i>				
Belgium	227	244	251	107
The Netherlands	115	169	162	102
Luxembourg			7	1
Benelux	342	413	420	210
United States	1,751			310
Rest of the world	84	313	85	52
Total	2,177	726	505	572

The sector Other lines relates primarily to credit-related insurance in the United States.

Technical result insurance by region

	Life		Non-life		Total	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
Belgium	238	211	38	29	276	240
The Netherlands	155	156	12	5	167	161
Luxembourg	2	2	2	1	4	3
Benelux	395	369	52	35	447	404
United States	128	85	65	3	193	88
Rest of the world	15	29	21	23	36	52
Total	538	483	138	61	676	544



A strong group in the USA: Assurant

*Elaine Shumate,
vice-president Compensation Services,
Human Resources, Assurant Group*

"Assurant Group, which was formed in August 1999 through the merger of American Security Group and American Bankers Insurance Group, has secured a leading position for Fortis in the credit-related insurance market in the United States. Assurant combines the best of both companies in terms of products, market approach, technology and operating practices. The larger company also has more resources to focus on developing modern solutions to its customers' needs."



Technical result non-life insurance by region

	Accident and health	Motor	Fire	Other lines
1999				
Belgium	24	1	15	(2)
The Netherlands	15	(8)	3	2
Luxemburg				1
Benelux	39	(7)	18	1
United States	26			40
Rest of the world	6	9		6
Total	71	2	18	47
1998				
Belgium	24	(15)	20	(1)
The Netherlands	1	(1)	4	1
Luxemburg			1	
Benelux	25	(16)	25	0
United States	(32)			35
Rest of the world	8	9	(1)	8
Total	1	(7)	24	43

Technical provisions insurance by region

	For own account		For account of policyholders		Non-life		Total
	1999	1998	1999	1998	1999	1998	1999
Belgium	15,261	13,538	4,075	2,205	2,410	2,312	21,746
The Netherlands	8,270	7,705	5,224	4,696	774	719	14,268
Luxembourg	406	392	437	279	10	10	853
Benelux	23,937	21,635	9,736	7,180	3,194	3,041	36,867
United States	4,719	3,626	5,128	3,217	3,341	1,799	13,188
Rest of the world	4,254	3,354	856	422	1,040	706	6,150
Subtotal	32,910	28,615	15,720	10,819	7,575	5,546	56,205
Non-allocated provision		881					881
Total	32,910	29,496	15,720	10,819	7,575	5,546	56,205

The non-allocated provisions relate to the provision made by Fortis for the low interest rate risk. This provision was created in 1998 at group level and has not been assigned to the regions. In 1999 this provision was assigned to the regions.

Technical provisions non-life insurance by region

	Accident and health	Motor	Fire	Other lines
<i>1999</i>				
Belgium	938	616	489	368
The Netherlands	174	242	129	228
Luxembourg			6	4
Benelux	1,112	858	624	600
United States	2,775			566
Rest of the world	52	694	125	169
Total	3,939	1,552	749	1,335

	Accident and health	Motor	Fire	Other lines
<i>1998</i>				
Belgium	881	586	358	487
The Netherlands	144	225	125	226
Luxembourg			5	4
Benelux	1,025	811	488	717
United States	1,616			183
Rest of the world	48	465	78	115
Total	2,689	1,276	566	1,015

Ratios by region

	Claims ratio		Expense ratio		Combined ratio	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
Belgium	67.5	69.4	43.3	41.7	110.7	111.1
The Netherlands	62.1	62.6	43.2	44.0	105.3	106.6
Luxembourg	28.2	48.3	49.6	48.0	77.8	96.3
Benelux	65.0	66.6	43.3	42.6	108.3	109.2
United States	65.8	68.7	42.9	47.8	108.7	116.5
Rest of the world	71.1	71.8	34.6	36.1	105.7	107.9
Total	66.2	68.4	42.0	44.4	108.2	112.8

The combined ratio does not take account of commissions received.

Notes banking

Solvency banking

	1999	1998
Risk-bearing capital	18,472	15,589
Risk-weighted assets	145,538	122,551
- Credit risks	139,539	114,867
- Market risks	5,999	7,684
Total capital ratio (in %)	10.6	10.9
Tier-1 ratio (in %)	7.6	7.7

The Tier-1 ratio indicates the relationship between the Tier-1 capital and the assets weighted according to the degree of risk.

The Tier-1 capital is the group equity plus the Fund for General Banking Risks that is stated separately on the balance sheet.

The total capital ratio shows the relationship between the capital that is considered to be risk-bearing and the assets weighted according to the degree of risk. The minimum norm is 8%.

Profit and loss account banking

	1999	1998
Interest income*	18,589	17,696
Commissions and fees	1,838	1,660
Result from financial transactions	704	1,437
Other revenues	678	505
Total revenues	21,809	21,298
Interest expense*	(14,419)	(13,666)
Total revenue, net of interest expense	7,390	7,632
Value adjustments	(547)	(872)
Net revenues	6,843	6,760
Operating expenses	(4,901)	(4,854)
Result before taxation	1,942	1,906
Taxation	(611)	(675)
Group profit	1,331	1,231
Minority interests	146	129
Net profit	1,185	1,102
* Net interest income	4,170	4,030

Specification net interest income

	Average balance	Interest	Interest in % 1999	Average balance	Interest	Interest in % 1998
Assets						
Loans and advances to credit institutions	71,234	2,726	3.8	58,090	2,822	4.9
Loans and advances to customers	126,435	7,054	5.6	110,768	6,907	6.2
Interest-bearing securities	79,797	4,371	5.5	71,350	4,199	5.9
Total interest-bearing assets	277,466	14,151	5.1	240,208	13,928	5.8
Liabilities						
Amounts owed to credit institutions	99,944	4,129	4.1	71,978	3,648	5.1
Amounts owed to customers	137,118	3,895	2.8	124,249	4,103	3.3
Debt certificates and subordinated liabilities	40,444	2,036	5.0	41,047	2,310	5.6
Total interest-bearing liabilities	277,506	10,060	3.6	237,274	10,061	4.2
Other interest		79			163	
Net interest income		4,170			4,030	
Net interest income/interest-bearing assets			1.5			1.7

Specification net commissions

	1999	1998
Commission income		
– Issuance	232	137
– Securities transactions	609	571
– Insurance	162	164
– Asset management	442	416
– Payment services	243	204
– Other	562	549
Total commission income	2,250	2,041
Commission paid	(412)	(381)
Net commission income	1,838	1,660

Specification result from financial transactions

	1999	1998
Profit/loss on financial instruments	58	59
Exchange rate transactions	132	240
Trading portfolio securities	77	155
Realized capital gains and losses	437	983
Total	704	1,437

Specification other revenues

	1999	1998
Dividends from equity securities	91	30
Revenues real estate	151	131
Revenues from participating interests	46	44
Income from leasing activities	220	164
Other revenues	170	136
Total	678	505
Cost/income ratio	66.3	63.6

Result before taxation banking by region

	1999	1998
Belgium	744	1,166
The Netherlands	493	362
Luxembourg	489	125
Benelux	1,726	1,653
United States	84	20
Rest of the world	132	233
Total	1,942	1,906

Total revenues net of interest expense by region

	1999	1998
Belgium	3,688	4,372
Nederland	1,851	1,707
Luxembourg	925	630
Benelux	6,464	6,709
United States	124	40
Rest of the world	802	903
Intercompany eliminations		(20)
Total	7,390	7,632

Summary balance sheet banking

	1999	1998
Assets		
Loans and advances to credit institutions	80,394	57,227
Loans and advances to customers		
– Public sector	3,076	6,383
– Private sector		
– Corporate		
- Guaranteed by government authorities	6,157	5,628
- Other receivables	67,326	57,780
– Retail		
- Secured by mortgages	33,815	29,804
- Other receivables	21,977	15,826
Debt securities	74,771	71,128
Other investments and other assets	41,603	33,711
Total assets	329,119	277,487
Liabilities		
Amounts owed to credit institutions	117,348	80,655
Amounts owed to customers		
– Savings deposits		
- Repayable on demand	42,440	38,136
- With agreed maturity dates or periods of notice	49,160	38,998
– Other debts		
- Repayable on demand	41,161	39,206
- With agreed maturity dates or periods of notice	2,718	8,824
Debt certificates	32,866	34,526
Other liabilities and equity	43,426	37,142
Total liabilities	329,119	277,487

Notes investments

Investments for own account

The summary below shows both the book value and the current value for investments. The difference between the book value and the current value of these investments is largely due to the difference between the rate of interest at the time of their purchase and the rate of interest at balance sheet date. Such differences of interest rate also affect the technical insurance commitments to which these investments are related. Because of outstanding commitments, unrealized capital gains/losses can usually be regarded as potential assets only to a limited extent.

	Book value		Fair value		Investment income as % of investments	
	1999	1998	1999	1998	1999	1998
Land and buildings	5,192	4,848	5,192	4,848	8.5	9.4
Shares	13,109	11,019	13,109	11,019	15.8	25.6
Debt securities	102,148	93,058	102,722	100,780	6.1	6.9
Other investments	6,933	6,171	7,208	6,138	3.1	3.4
Total	127,382	115,096	128,231	122,785	7.0	8.5

Debt securities are valued at amortization value. Realized gains on debt securities are taxable. Shares and real estate are valued at fair value, and revaluation are recorded in equity, taking into account tax implications.

In the insurance business, tax is in principle payable when the deferred capital gain on land and buildings is realized. The deferred capital gain on land and buildings for banking and insurance was EUR 468 million (1998: EUR 584 million). Virtually no tax is payable on the deferred capital gain on shares when the gain is realized.

The deferred capital gain on shares was EUR 4,742 million (1998: EUR 4,012 million).

The share portfolio consists almost entirely of listed shares.

Nearly all the shares are traded on a stock exchange. As the debt securities consist largely of loans to government authorities, public bodies and banks, they are readily marketable.

Investment income

	Gross investment income		Realized capital gains		Revaluations		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
Land and buildings	410	378	7	9	8	34	425	421
Shares	371	274	791	487	700	1,612	1,862	2,373
Debt securities	5,979	5,666	245	705			6,224	6,371
Other investments	86	103	52	26			138	129
Total	6,846	6,421	1,095	1,227	708	1,646	8,649	9,294

Assets under management by origin

	1999	1998	1997 <i>pro forma</i>
Insurance	41,618	34,884	28,239
Banking	85,426	79,994	68,777
Total investments for own account ⁽¹⁾	127,382	115,096	97,459
Investments on behalf of policyholders	16,210	11,201	8,186
Funds under management	134,615	115,758	102,037
Total assets under management	278,207	242,055	207,682

Funds under management by type of investment

	Private customers		Institutional customers		Funds		Total
	1999	1998	1999	1998	1999	1998	1998
Shares	43,511	35,173	10,561	9,172	21,182	17,569	61,914
Real estate	3	7	494	535	50	61	603
Debt securities	15,137	12,447	15,112	14,812	28,565	25,982	53,241
Total	58,651	47,627	26,167	24,519	49,797	43,612	115,758

Funds under management by region of investment

	Private customers		Institutional customers		Funds		Total
	1999	1998	1999	1998	1999	1998	1998
Belgium	4,529	8,079	2,747	3,938	6,884	18,358	30,375
The Netherlands	24,951	19,517	4,756	6,142	9,048	4,410	30,069
Luxembourg	6,792	1,857	2,573	207	7,152	972	3,036
Benelux	36,272	29,453	10,076	10,287	23,084	23,740	63,480
United States	4,689	3,850	7,173	5,955	7,768	5,065	14,870
Rest of the world	17,690	14,324	8,918	8,277	18,945	14,807	37,408
Total	58,651	47,627	26,167	24,519	49,797	43,612	115,758

Roll-forward funds under management

	Private customers	Institutional customers	Funds	Total
Closing balance				
at 31 December 1998	47,627	24,519	43,612	115,758
New means	3,333	4	4,861	8,198
Capital gains	7,691	1,644	1,324	10,659
Closing balance				
at 31 December 1999	58,651	26,167	49,797	134,615

⁽¹⁾ Total investments for own account also includes the intercompany accounts and balance sheet items which cannot be attributed either to insurance or to banking

Other financial information

General

Fortis has opted for consortium accounting following the Seventh European Directive. This implies a consolidation of Fortis and the two listed companies Fortis (B) and Fortis (NL). The figures for Fortis (B) and Fortis (NL), Fortis SA/NV and Fortis N.V., as well as the companies in which they have a direct or indirect right to cast more than 50% of the votes at the General Meeting of Shareholders, are fully consolidated in the Fortis figures. Joint ventures whose activities are closely related to those of Fortis are consolidated on a proportional basis.

Acquisitions and sales of group companies

Northern Star

In 1999 agreement was reached on the acquisition of Northern Star, a subsidiary of Generali. Northern Star, based in the United Kingdom, is active mainly in the areas of motor insurance, household insurance and other retail insurances. In 1998 Northern Star's premium income amounted to EUR 120 million.

The acquisition dovetails with Fortis' approach in the United Kingdom of selective external growth in combination with strong organic growth, and will strengthen Fortis' position in the private insurance sector while producing economies of scale.

Northern Star will be integrated into Bishopsgate. The combination of the insurance portfolios will add further value to Bishopsgate's customer service thanks to a wider range of products and ongoing product innovation. Northern Star's figures have been included from May 1999.

American Bankers Insurance

Fortis completed the acquisition of American Bankers Insurance (ABI) in 1999.

ABI has been combined with American Security Group (ASG) into a new company which will operate under the name Assurant. The combined strengths of these two companies have made Assurant the leading provider of credit-linked insurance in the United States.

Pursuant to the takeover agreement, Fortis paid USD 55 (EUR 55.25) in cash per ordinary share and USD 109.857 (EUR 110.36) in cash per preference share, bringing the total value of ABI to USD 2.6 billion (EUR 2.6 billion). Fortis has also taken over ABI's outstanding liabilities. The acquisition was financed in part by the proceeds of the issue of Fortis (NL) shares and convertible bonds in July 1999. ABI's figures have been included from August 1999.

Pierwszy Polsko-Amerikanski Bank (PPA Bank)

In September 1999 Fortis acquired 4,479,922 outstanding shares of Pierwszy Polsko-Amerikanski Bank S.A. for PLN 42.10 per share, bringing the value of the total transaction to USD 46.0 million (EUR 46.2 million). In addition, an offer was made for the remaining outstanding shares of PPA Bank. This offer will not come out lower than PLN 40.10 per share. If the remaining shares are acquired, Fortis' stake in PPA Bank will come to almost 100%. PPA Bank concentrates mainly on small and medium-sized enterprises. Its balance sheet total at 30 June was USD 362 million (EUR 363 million). PPA Bank's figures have been included from September 1999.

Fortis acquired or increased its stake in a number of small companies in 1999, including the French securities brokerage Meeschaert-Rouselle, the broker TCD, the Reads group, Belgo-factors and Bèta Capital. It also sold its stake in a number of small companies, such as Multifonds and the Antwerpse Diamantbank.

In total, an amount of approximately EUR 2.6 billion was paid.

"With Cockpit, an extranet application for support to intermediaries, AMEV has taken an important step on the digital superhighway. This project has also made clear how profoundly e-commerce affects every job in all parts of the business. Cockpit is a prime example of the realistic approach taken at Fortis: we work towards our final goal without losing sight of the existing situation, basing our efforts on a shared vision of the future, and benefiting from each other's experience. And in the case of Cockpit this was done with a great deal of flexibility and creativity."

One thousand links to AMEV Cockpit



*Menno Bosman,
business analyst Information Management,
AMEV*



Post-balance-sheet events

Fortis Long Term Care

In January 2000 Fortis sold its private long term care activities to John Hancock Mutual Life. Fortis Long Term Care figures have been included in the 1999 balance sheet and 1999 profit and loss account.

Banque Générale du Luxembourg

In January 2000 Fortis made an offer for the shares of Banque Générale du Luxembourg (BGL) which it did not already own. At the time of the offer, Fortis owned 53% of the shares. At the closing of the offer on Friday 10 March 2000, 5,373,277 BGL shares were given in exchange. The participation of Fortis in the capital of BGL thus amounts to a total of 11,365,487 shares, representing 97.73% of the existing capital. Following the transaction, 32,313,609 new Fortis (NL) shares and 16,048,503 new Fortis (B) shares will be issued. Fortis intends to delist BGL from the Luxembourg stock exchange after the transaction is completed.

This transaction will result in BGL's further integration into Fortis Bank.

Capital Securities

To strengthen the capital basis of its insurance business, in February 2000 Fortis issued capital securities in the amount of USD 550 million through a subsidiary in the United States established specially for this purpose. This instrument will mature in 30 years.

The issue was composed of two tranches:

- a tranche of USD 150 million with a half-yearly coupon of 7.48% per year for the first five years of the instrument, after which a half-yearly variable coupon of \$Libor plus 1.10% will apply;
- a tranche of USD 400 million with a fixed half-yearly coupon of 7.68% per year for the first ten years of the instrument, after which the coupon will be converted into a half-yearly variable coupon of \$Libor plus 1.25%.

Goodwill

	Total	1999	1998	1997	1996	1995
In EUR million	(12,288)	(1,927)	(782)	(9,109)	(427)	(43)

The practice in many countries is to capitalize the goodwill paid on the purchase of a group company and to write it off to the profit and loss account in subsequent years.

However, Fortis debits or credits the goodwill to equity at the time of purchase.

The amounts of goodwill referred to above were credited to equity whenever group companies were purchased in the years 1995 to 1999. In 1995 Crédit à l'Industrie-Krediet aan de Nijverheid (CI-KN) was acquired in Belgium. The goodwill debited to Fortis equity in conjunction with this acquisition formed a substantial part of the total amount of goodwill in 1995. The amount of goodwill in 1996 was largely attributable to the acquisition of MeesPierson (EUR 403 million). It consisted of the difference between the acquisition price and the net asset value, adjusted for the Fund for General Banking Risks and for other provisions considered necessary.

The goodwill accounted for in 1997 related mainly to the acquisition of Generale Bank (EUR 8,638 million), the expansion of the stake in ASLK-CGER (EUR 282 million) and acquisition of interests in the United States (EUR 64 million). In addition, there were adjustments to goodwill from previous years. The goodwill recorded in 1998 related mainly to goodwill for the additional expansion of the holding in ASLK-CGER (EUR 550 million) and acquisition of interests in the United States (EUR 270 million). The amount of goodwill in 1999 is related mainly to the acquisition of ABI.

Effect of accounting changes

The effect of the accounting changes on the results and equity of prior years can be summarised as follows:

<i>in EUR million</i>	<i>1998</i>		<i>1997</i> <i>pro forma</i>	
	Equity	Net profit	Equity	Net profit
Previous years	10,347	1.584	8,601	1,315
Impact deferred tax	(222)	38	(225)	(61)
Impact pensions	469	37	342	24
Impact dividends Fortis (B) and Fortis (NL)	680		280	
Other	(9)	1	(11)	2
Restated numbers	11,265	1,660	8,987	1,280

Provision for euro and millennium

Provisions were created within Fortis and charged to the result in 1996, 1997 and 1998 for the costs connected with the introduction of the euro and the transition to the year 2000. These costs relate mainly to the upgrading of systems and to marketing, training and communication. An amount of EUR 158 million was added to the provision in 1996, EUR 35 million in 1997 and EUR 80 million in 1998.

No additions were made to the provision in 1999. After the passing of the turn of the year the remainder of the provision will be used for the implementation of the euro.

Taxation

The result before taxation includes some income on which no tax is owed by group companies. In addition, special tax arrangements are in force in many countries in which Fortis operates. Due to the sharp rise in tax-exempt income in connection with shares, the effective tax rate was 26.3%, 3.5 percentage points lower than in 1998.

Sensitivity analysis

Within Fortis, risks are controlled by means which include diversification, far-reaching segregation of duties, explicit risk coverage through reinsurance and risk-avoiding use of derivatives. The accompanying table indicates the effect of theoretical changes in a number of risk factors on the net profit and on net equity. In addition it shows the consequences for the earnings per share and the equity per share of Fortis.

The table is presented solely as an indication and illustration, and not as a basis for predictions.

The changes in risk factors shown in this analysis have a positive effect on the net profit and net equity. If instead of these positive or negative changes in the risk factors there would be movements of the same magnitude in the opposite direction, then the effect shown on the net profit and net equity would in principle be negative, of the same magnitude.

Risk analysis

Risk item	Risk factor	Theoretical change in risk factors	Influence of changes in risk factors					
			Net profit after tax in EUR million	Net equity after tax in EUR million	Solvency		Net earnings per share Fortis in EUR	Net equity per share Fortis in EUR
					Bank	Insurance		
					Total capital	Surplus		
					ratio	in EUR		
			percentage	million				
			10.6	7,338	2.02	11.46		
Non-life claims,								
Gross	Claims ratio	-1% ⁽¹⁾	39			0.03		
Real estate	Direct yield	+1% ⁽¹⁾	32			0.03		
	Market value	+10%		321	0.1	191	0.27	
Shares	Market value	+10%		1,159	0.1	974	0.98	
Personnel costs	Payroll costs	-1%	24			0.02		
Other expenses	Inflation	-1%	25			0.02		
Taxation on profit	Tax rate	-1% ⁽¹⁾	34			0.03		

⁽¹⁾ The effect of changes in the risk factors is shown as a change per percentage point

A change in the claims ratio from 60% to 59% is an example of a change of one percentage point

Fortis has opted for consortium accounting following the Seventh European Directive.

This implies a consolidation of Fortis and the two listed companies Fortis (B) and Fortis (NL).

Accounting principles

Change in accounting principles

Fortis has decided to move to more internationally recognized accounting principles and presentation schedules. The first step was made in 1999. Part of the changes are implemented retrospectively and led to adjustments of the opening net equity. For comparison reasons the 1998 and 1997 pro forma numbers have been restated. Other changes have been implemented as of 1 January 1999. The most significant changes applied retrospectively are:

- implementation of the full liability method for deferred taxes,
- full recognition of pension plan assets in the balance sheet.

The change in accounting for deferred taxes implies that:

- deferred taxes are now recognized for all temporary differences and tax loss carry forwards unless it is more likely than not that a tax asset will not be realized,
- the nominal tax rates are applied instead of the effective tax rate.

The change in accounting for pensions relates to full recognition of pension plan assets. In prior years Fortis did not take into account pension plan assets in excess of pension plan obligations. In the new approach all assets are recognized.

The main change implemented as of 1 January 1999 and applied prospectively is Purchase accounting for acquisitions

Change in presentation

To emphasize the fact that Fortis is an integrated financial service provider, Fortis has chosen an integrated presentation of its consolidated balance sheet and profit and loss account for 1999 onwards compared to the functional approach in the past. Separate schedules give a breakdown of the balance sheet and profit and loss account by segment. The notes to the balance sheet and the profit and loss account are also given by segment. The presentation used by Fortis diverges in certain aspects from EU directives. However, all relevant information is disclosed. The schedules also diverge in some respects from the schedule for annual accounts as envisaged in the legislation governing portfolio companies, to which Fortis (B) is subject. Fortis has requested and received permission from the Commission for the Banking and Finance Industry to follow the divergent schedule.

In connection with the change in presentation Fortis has decided to draw up a balance sheet prior to appropriation of profit. The appropriation of profit is recorded once the General Meetings of Shareholders has adopted the proposed appropriation of profit.

As of 1999 a consolidated cash flow statement is included in the financial statements as well as additional disclosures. Fortis has implemented the changes in accounting principles and chosen the presentation schedules now used in order to give a better insight into the development results and equity of the group, and to better facilitate comparison with other companies.

Eliminations

Transactions between group companies within the course of their normal business and on commercial terms are not eliminated in the profit and loss account. Intercompany balance sheet accounts arising from such transactions are however eliminated in the balance sheet of Fortis. All other transactions between group companies are eliminated in the consolidated balance sheet and profit and loss account. In the consolidated figures by sector, however, transactions between the sectors are not eliminated. This gives a more accurate economic insight.

Goodwill

Upon acquisition of interests in consolidated companies and participating interests valued by the equity method, there is usually a discrepancy between the purchase price and the value according to the equity method. A positive or negative difference of this nature (goodwill) is booked directly to group equity, as a debit or credit as appropriate. The value according to the equity method (also known as the net asset method) is calculated on the basis of the Fortis principles of valuation.

Investments

Land and buildings are valued at estimated market value as rented property. For new investments, cost price is in principle used to approximate estimated market value. Listed shares are included at year-end quoted prices. Unlisted shares are included at estimated market value at year-end. Debt securities are valued at cost price.

Capital gains/losses

The capital gains/losses realized on the sale of fixed-income investments are credited or charged to the result in a gradual manner, spread over a period equal to the average remaining term of the investments sold. This spreading takes place to the extent that the fixed-income securities sold have been replaced by other investments of the same type. In the banking sector, the spreading described above takes place in cases involving arbitrage. To the extent that these conditions are not met, realized capital gains/losses on fixed-income securities are accounted for as a single credit or charge to the result. When capital gains/losses are to be spread, the portion that is allocated to the financial year is reported in the profit and loss account under interest income. This accounting method does not apply to fixed-income investments in the trading portfolio of the banking sector or to fixed-income investments in the insurance sector which are in any way for account of policyholders.

Capital gains/losses realized on other than fixed-income investments are credited or charged in their entirety to the result of the financial year, in so far as they have not already been so credited or charged earlier. If participating interests valued by the equity method or group companies are sold within five years of acquisition, a reversal takes place of a proportional part of the goodwill that was earlier charged to group equity. To the extent that a positive or negative revaluation has been booked to group equity in the past, there will be a reversal when the investments and participating interests are sold. Unrealized capital gains/losses are credited or charged directly to group equity, if and to the extent that the differences in value occur above the purchase price of these investments. If and to the extent that there are differences in value below the purchase price, these are charged or credited to the result.

Investments for account of policyholders

These investments are included at market value. The separate investments included in this item are valued in accordance with the principles of valuation that apply to these investments. The technical insurance commitments to which they relate are calculated in line with the valuation of the investments.

Prepayments and accrued income

This includes the deferred acquisition costs. For insurance with periodic premium, the portion of the acquisition costs that varies according to the volume of new business is capitalized and amortized. In general, amortization is spread over the period of premium payment.

Technical provisions

The technical provisions are calculated in principle on the basis of the principles and methods used for public accounting in the countries in which the companies are incorporated. The companies in the United States calculate technical provisions on the basis of the Generally Accepted Accounting Principles (GAAP).

The provisions for life insurance are calculated using actuarial methods on the basis of the same principles that are used for premium rating. The net method is almost always used. According to the Third EU Directive an exception is made to the rating principles if expectations of developments in mortality, interest or costs give cause to increase the provision.

Non-life insurance, unearned premiums: this item includes unearned gross premiums at year-end, net of pre-paid reinsurance premiums. The unearned premiums are calculated according to the proportion of the term not yet elapsed. This item also includes a provision for unexpired risks.

Non-life insurance, claims outstanding: this item includes estimated portion of claims reported but not yet settled plus a provision for claims incurred but not reported (IBNR) at year-end. This item also includes a provision for costs of handling outstanding claims.

Technical provisions with investments for account of policyholders

These provisions are valued on the basis of the same principles as are used for the valuation of the investments for account of policyholders in relation to which they are held.

Provision for deferred taxation

Where differences between the profit shown by the group profit and loss account and that calculated for corporation tax purposes are of a temporary nature, a provision is formed for deferred taxation. A deferred tax provision is also formed for value differences of a temporary nature which are reflected directly in group equity.

An active deferred tax balance is formed for tax loss carryforwards. If it is thought to be unlikely that it will be possible to offset the carryforwards, a provision is formed which appears in the profit and loss account. No provision is formed where such differences are of a permanent nature. The provision is calculated on the basis of the nominal tax rate applicable to the company or the tax entity concerned.

Other provisions

This includes provisions for reorganization costs. Also included here are a provision for the costs in connection with the introduction of the euro.

Fund for General Banking Risks

In deciding the level of this fund, account has been taken of the principles and methods used for public accounting in the countries in which the companies are incorporated.

In addition, specific provisions have been made for amounts receivable in connection with credit products; these are deducted from the various assets.

Derivatives

Derivatives that are entered into in order to hedge assets and liabilities are valued in connection with the assets and liabilities in question. The results of these transactions are accounted for together with the results of the assets and liabilities thus hedged.

Derivatives that are entered into for other purposes are valued at market value. Results arising out of transactions which are not entered into in order to hedge assets and liabilities are accounted for at the time of realization.

Accounting principles Fortis (B)

The accounting principles of Fortis (B) do not differ from those of Fortis, except as regards the valuation of the share in Fortis, which is valued at the purchase price.

Accounting principles Fortis (NL)

The accounting principles of Fortis (NL) do not differ from those of Fortis.

Report Audit Committee

The Audit Committee met on three occasions in 1999. The Committee dealt with the following issues:

- update of the Audit Committee Charter and the Audit Charter of Fortis;
- review of the companies' quarterly and annual accounts, including discussions with management and auditors on significant issues regarding accounting principles, practices and decisions;
- review of the companies' state of internal control and the financial reporting process, including discussions with management and auditors on monitoring and follow-up of audit recommendations and management responses;
- review of the companies' state of legal and regulatory compliance, including discussions with management on recommendations of the compliance officer.

The Audit Committee performed its duties based on the work of its independent external auditors and group audit services. The Committee reviewed the independence of the aforementioned auditors and the audit plan. Based on these reviews, the Committee recommended to the Board of Directors that the audited annual accounts be included in the annual report.

Auditors' statement

The financial information and the notes thereon as contained in this Annual review 1999 on pages 53-72 and 74-77 are derived from the annual accounts for the year 1999 of Fortis, Fortis (B) and Fortis (NL) respectively, on which we have issued unqualified audit opinions.

Re: Fortis and Fortis (B)

Brussels, 23 March 2000

PricewaterhouseCoopers
Rèviseurs d'Entreprises S.C.C.R.L.
represented by P. Barbier

Re: Fortis and Fortis (NL)

Utrecht, 23 March 2000

KPMG Accountants N.V.

"In 1999 Fortis channelled all its worldwide expertise in the field of asset management into Fortis Investment Management. FIM manages EUR 100 billion worth of assets for its customers, making it a truly global player. The introduction of the euro and a desire to create transparency for customers led us to harmonize the names of most of our funds in October 1999. In doing so, we were able to make use of the experience gained from last year's integration of the funds of the Dutch and Luxembourg Fortis banks and ASLK-CGER."



Fortis name for family of funds



*Francine Maniquet-Foucart,
funds secretariat officer
Networks & Funds Belgium,
Fortis Investment Management*

Positions of the members of the Boards

Executive members

Hans Bartelds

Age 53

Dutch nationality

Chairman Fortis

First appointment 1987

Term runs to 2002

Member Supervisory Committee St Antonius Hospital, member Supervisory Committee Stichting Partners in de Gezondheidszorg, member Supervisory Board Heijmans NV, director Koninklijke Nederlandse Jaarbeurs, member Board of Trustees Postgraduate Controller Training Programme (University of Amsterdam), director Stichting Prioriteit Fortis.

Maurice Lippens

Age 56

Belgian nationality

Chairman Fortis

First appointment 1981

Term runs to 2002

Vice-chairman Société Générale de Belgique, chairman Compagnie Het Zoute, director Finasucre, director Groupe Sucrier, director Stichting Prioriteit Fortis.

Henjo Hielkema

Age 56

Dutch nationality

Vice-chairman Fortis

First appointment 1988

Term runs to 2000

Member Supervisory Board Van Wijnen Holding, treasurer World Wildlife Fund, chairman Stichting Trésor, vice-chairman University Hospital of Utrecht, member University of Nijenrode International Advisory Board.

Herman Verwilt

Age 52

Belgian nationality

Vice-chairman Fortis

First appointment 1997

Term runs to 2000

Professor extraordinary, University of Ghent.

Joop Feilzer

Age 50

Dutch nationality

Director Fortis

First appointment 1990

Term runs to 2001

Chairman Board of Directors Gemiva/SVG Groep, director Stichting VSB Fonds.

Gilbert Mittler

Age 50

Belgian nationality

Director Fortis

First appointment 1999

Term runs to 2001

Non-executive members

<p>Valère Croes Age 65 Belgian nationality</p>	<p>Director Fortis First appointment 1987 Term runs to 2000</p>	<p>Chairman Sabena, vice-chairman Compagnie Immobilière de Belgique, director Société Générale de Belgique, director Tractebel, director Tessenderlo Chemie, director Stichting Continuïteit Fortis (NL).</p>
<p>Etienne Davignon Age 67 Belgian nationality</p>	<p>Director Fortis First appointment 1989 Term runs to 2002</p>	<p>Chairman Société Générale de Belgique, chairman Union Minière, vice-chairman Tractebel, director Solvay, director Suez Lyonnaise des Eaux, director Pechiney, director BASF, vice-chairman Arbed.</p>
<p>Jaap Glasz Age 65 Dutch nationality</p>	<p>Director Fortis First appointment 1989 Term runs to 2001</p>	<p>Professor of Corporate Governance (University of Amsterdam), lawyer Trenité van Doorne, chairman Stichting VSB Fonds, director Stichting VSB Fonds (The Hague), chairman Supervisory Board Van Melle NV, chairman Supervisory Board ACOB Housing Association, member Supervisory Board Glaxo BV, member Supervisory Board Citroën NL BV, member Supervisory Board Coca Cola Beverages NL BV, member Supervisory Board Bongrain SA (France).</p>
<p>Daniel Janssen Age 63 Belgian nationality</p>	<p>Director Fortis First appointment 1999 Term runs to 2002</p>	<p>Chairman Solvay, vice-chairman UCB, director Schroders Plc London, chairman Solvay Business School Advisory Board, chairman Steering Committee Trilateral Commission, member Steering Committee European Round Table of Industrialists (ERT).</p>
<p>Christine Morin-Postel Age 53 French nationality</p>	<p>Director Fortis First appointment 1998 Term runs to 2000</p>	<p>Managing director Société Générale de Belgique, director Tractebel, director Union Minière, director Suez Industries, director The Rank Group PLC, director Elyo, chair Trigen (US).</p>
<p>Annemieke Roobeek Age 41 Dutch nationality</p>	<p>Director Fortis First appointment 1994 Term runs to 2002</p>	<p>Professor University of Amsterdam and Nijenrode, member Supervisory Board PCM Uitgevers NV, member Supervisory Board AEDES, member Supervisory Committee University Hospital (Free University Amsterdam), member Supervisory Board SNT Holding.</p>
<p>Jan Slechte Age 62 Dutch nationality</p>	<p>Director Fortis First appointment 1996 Term runs to 2000</p>	<p>Former chairman Shell Nederland BV, member Supervisory Board Samas-Groep NV, chairman Supervisory Committee TU Delft, director Stichting Continuïteit Fortis (NL).</p>
<p>Philippe Speeckaert Age 50 Belgian nationality</p>	<p>Director Fortis First appointment 1989 Term runs to 2001</p>	<p>Director Immoran, director Spontin, director Chevron.</p>
<p>Piet Van Waeyenberge Age 61 Belgian nationality</p>	<p>Director Fortis First appointment 1988 Term runs to 2001</p>	<p>Chairman De Eik NV, chairman Fortales NV, director Société Générale de Belgique, director Janssen Pharmaceutica NV, director Campina Melkunie NV, director Pietercil NV.</p>
<p>Klaas Westdijk Age 58 Dutch nationality</p>	<p>Director Fortis First appointment 1996 Term runs to 2000</p>	<p>Former chairman Koninklijke Pakhoed NV, member Supervisory Board Wolters Kluwer NV, member Supervisory Board Connexxion Holding, director Stichting Prioriteit Fortis.</p>
<p>Gerrit Wilmink Age 68 Dutch nationality</p>	<p>Director Fortis First appointment 1996 Term runs to 2001</p>	<p>Former director Hoogovens Group, chairman Supervisory Committee Red Cross Hospital Beverwijk, member Supervisory Committee Heliomare, vice-chairman Stichting VSB Fonds.</p>

Additional non-executive members Fortis (B)

Frank Arts

Age 56

Belgian nationality

Director Fortis (B)

First appointment 1990

Term runs to 2000

Investment Manager Janssen Pharmaceutica NV.

Philippe Bodson

Age 55

Belgian nationality

Director Fortis (B),

permanent representative of
Société Générale de Belgique

First appointment 1989

Term runs to 2002

Chairman Diamond Boart, member Executive Board Compagnie Immobilière de Belgique, director Tractebel.

Michel de Broqueville

Age 63

Belgian nationality

Director Fortis (B)

First appointment 1988

Term runs to 2002

Director Koninklijke Bosbouwmaatschappij, chairman Vlaamse Landeigendom, chairman Vlaams Overleg voor Ruimtelijke Ordening (Vloro).

Richard Goblet d'Alviella

Age 51

Belgian nationality

Director Fortis (B)

First appointment 1999

Term runs to 2002

Managing director Sofina.

Jean de Jonghe d'Ardoye

Age 65

Belgian nationality

Director Fortis (B)

First appointment 1983

Term runs to 2000

Consultant Van Moer Santerre & Co.

Ernesto Jutzi

Age 67

Swiss nationality

Director Fortis (B)

First appointment 1996

Term runs to 2000

Director Swiss Reinsurance, chairman Società Italiana Assicurazioni Cauzioni Roma (Sic).

José Vilarasau

Age 68

Spanish nationality

Director Fortis (B)

First appointment 1999

Term runs to 2002

Chairman Caja Ahorros y Pensiones de Barcelona, vice-chairman Repsol, vice-chairman Confederacion Española Cajas Ahorros.

Members of the Boards of Directors of Fortis Insurance and Fortis Bank

J.L.M. Bartelds, chairman Board of Directors Fortis Insurance

Count M. Lippens, chairman Board of Directors Fortis Bank

J.E.J. van Angelen	P. Evrard	J. De Mey
C. Basecq	B.J.H.S. Feilzer	G. Mittler
K. De Boeck	A.R. Freedman ⁽²⁾	M. van Pée
C.W. van Boetzelaer	A. Georges ⁽³⁾	H.J. Rutten
J-P. Cardinael	H.J. Hielkema	J. Tack
J.K. Clayton ⁽¹⁾	S. van Keulen ⁽³⁾	G. Valckenaere
F. Dierckx	R.A.H. van der Meer	J-J. Verdickt
R. Van Elegem	E.A.J. van de Merwe	H. Verwilt

⁽¹⁾ Member Board of Directors Fortis Bank and, from 1 April 2000, member Board of Directors Fortis Insurance

⁽²⁾ Member Board of Directors Fortis Insurance only. Resignation on 1 April 2000

⁽³⁾ Intended appointment on 27 April 2000

General information

Important dates in 2000

Publication of annual figures 1999	23 March
Publication of figures for the first quarter	24 May
Publication of figures for the first half year	28 August
Publication of figures for the first three quarters	23 November
Ex-dividend Fortis (B)	26 May
Ex-dividend Fortis (NL)	26 May

General Meeting of Shareholders

Fortis (B) 24 May, 10.30 a.m.	Fortis (NL) 24 May, 10.30 a.m.
Fortis Bank Auditorium	Fortis Auditorium
Rue de la Chancellerie 1, Brussels	Archimedeslaan 6, Utrecht
Belgium	The Netherlands

Addresses Fortis

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Fax 32 (0)2 510 56 26	Fax 31 (0)30 257 78 35

Internet address: www.fortis.com

E-mail address: info@fortis.com

If you have any questions about Fortis, please contact the Investor Relations Managers:

Patrick Verelst	Gerard-Jan van Berckel	Frank Dausy
Tel. 32 (0)2 510 53 36	Tel. 31 (0)30 257 65 46	Tel. 32 (0)2 257 65 46
Fax 32 (0)2 510 56 30	Fax 31 (0)30 257 79 76	Fax 32 (0)2 257 79 76
patrick.verelst@fortis.com	gerard-jan.vanberckel@fortis.com	frank.dausy@fortis.com

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